for Toru! Warner By

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Interim Plan Eases Ban on Homosexuals In Military

President Announces Compromise, Including A 6-Month Study Period

Compiled by Our Staff From Dispatches
WASHINGTON — President Bill Clinton took steps Friday toward ending a 50-year-old ban on homosexuals in the military, acting on a campaign promise that has provoked sharp controversy in both Congress and the Penta-

Speaking to reporters at the White House, Mr. Clinton said that for the next six mouths military recruiters would stop asking applicants about their sexual orientation and that expulsion of homosexuals from the armed services solely because of sexual preference would be

Under existing regulations a potential recruit admitting to homosexuality is refused enlistment and a professing homosexual is liable to be discharged from the service.

Mr. Clinton said that by July 15, Defense Secretary Les Aspin would draft an executive

Democrats feel chill in Clinton spring. Page 3.

order officially repealing the prohibition on homosexuals. But the order would include "rigorous standards regarding sexual conduct to be applied to all military personnel," the idea

being to distinguish between a serviceman's "status" as a homosexual and his comportment. "This draft order," Mr. Clinton said, "will be accompanied by a study conducted during the next six months on the real practical problems that would be involved in this revision of policy, so that we will have a practical, realistic approach consistent with the high standards of combat effectiveness and unit cohesion that our armed services must maintain."

He described the plan as a compromise, reached after negotiations involving congressional leaders and the Joint Chiefs of Staff.

He said that although the Joint Chiefs went along with the compromise steps in the short term, they had not subscribed to his final goal of doing away with discrimination against homosexuals in the armed forces. "They haven't agreed that it should be done," he said.

Mr. Clinton said his plan was not all that he originally had hoped for, But, he said, "I think this is a trainatic step forward. Normally in the history of civil-rights advancements, presidents have not been in the forefront."

In his first question-and-answer session with oriers since taking other, Mr. Clinton ac knowledged that the controversy had seemed to crowd out other issues of "central" importance to Americans, like health and economic policy. But he was firm in his determination.

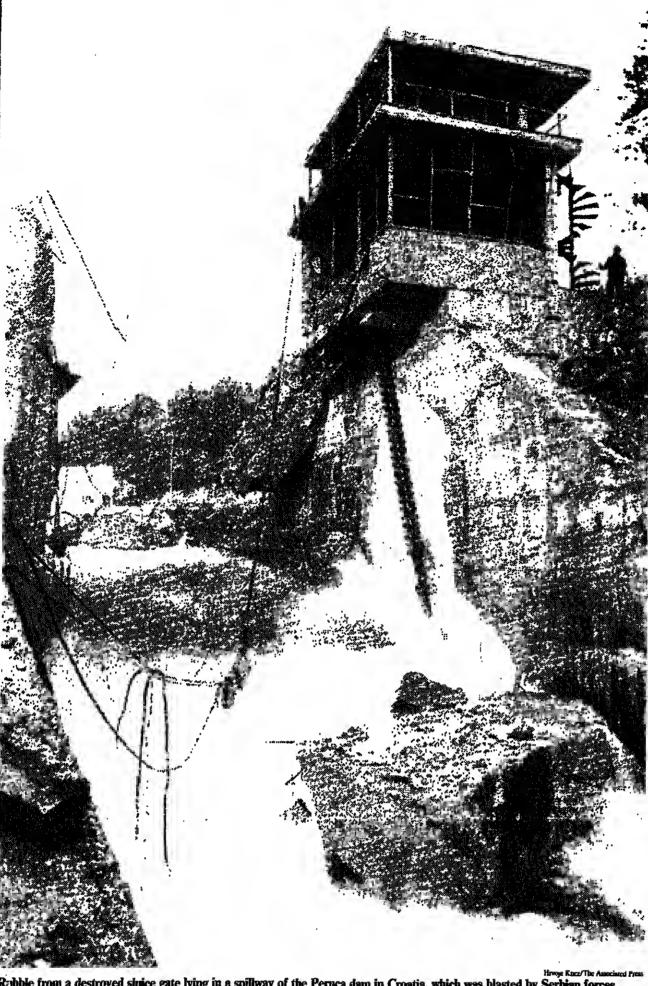
"The issue is whether men and women who can and have served with real distinction should be excluded from military service soley on the basis of their status," he said. "And I

believe they should not." Asked whether he intended to lift the ban formally at end of the six-month period, Mr. Clinton hedged slightly. He said that was his intention, noted the strong feelings of those who oppose him and added. "I don't intend to

change my position." The president spoke after several days of private negotiations with Senate Democrats in an effort to form a united front against expected Republican opposition.

His announcement came after a federal judge in California ruled the ban on homosexuals unconstitutional. The ruling by the U.S. District Court judge, Terry Hatter Jr., on Thursday applies only in parts of California. The White

See CLINTON, Page 4



Rubble from a destroyed sluice gate lying in a spillway of the Peruca dam in Croatia, which was blasted by Serbian forces.

Blasted by Serbs, Dam May Collapse

By John Darnton New York Times Service

ON THE PERUCA DAM, Croatia - A huge hydroelectric dam near Croatia's southern coast has been ripped by explosives, and engineers and army officers worked feverishly Friday to prevent it from crumbling and unleashing a flood on villages below. The dam, a strategic flashpoint in renewed

refusing to accept the notes, worth about \$2, as

a show of defiance toward Marshal Mobum

and because the country's transitional govern-

over the transitional government's objections, have come to symbolize the struggle between

Marshal Mobutu and the government he was

forced to appoint under pressure from strikes

Troops loyal to Marshal Mobum clashed

Sources in Kinshasa said that in addition to

See ZAIRE, Page 4

with rioting soldiers in some areas of the capi-

The notes, introduced by Marshal Mobutu

ment says the money is worthless.

and from his former Western allies.

tal, a city of 3 million.

what was once a cease-fire line, had been rigged with explosives by Serbs when they captured it from Croatian forces in 1991. The Serbs retook the dam from United Nations peacekeeping forces Wednesday and held it briefly while Croats shelled them.

The 65-meter (200-foot) high dam holds back a narrow lake that stretches back for 20 kilometers. If it collapses, a torrent of water

would rush down the Cetina River valley, threatening some 20,000 people directly and affecting a total of 50,000 who live in villages scattered all the way to the coastal city of

Omis, about 65 kilometers away.

But on Thursday, Croat officials who visited the dam, including Prime Minister Hrvoje Sarinic, said they felt they had contained the

See DAM, Page 4

For 2 African States, Breakdown Is Nearly Total

Zaire: 'No Established Power Left'

KINSHASA, Zaire - France and Belgium sent troops Friday to protect citizens in Zaire

after rampaging soldiers killed the French am-bassador and as many as seven other foreigners. But local television reported late Friday that the country's military ruler had rejected plans by the Belgians — but not the French — to enter. It was unclear how the rejection would

affect Belgium's intention to protect its citizens. At least 45 people have been killed and 130 wounded, most of them Zairian soldiers, in rioting and fighting that broke out Thursday in Kinshasa, the capital, the relief group Doctors Without Borders said from Brussels

Western officials said there would be no intervention to preserve the government of Mobutu Sese Seko from internal dissent.

The days to play police in Africa have come and gone," said Foreign Minister Willy Claes of Belgium. "It seems Zaire is heading for a Soma-

Angola: 'Worse Than It's Ever Been'

By Kenneth B. Noble New York Times Service

The rioting began when Marshal Mobutu tried to pay soldiers in Kinshasa with newly printed 5 million zaire notes. Shopkeepers are LUANDA, Angola - Angola is sinking ever closer to disintegration as it confronts the worst crisis of its nearly 30 years of armed conflict. economic hardship and political strife.

Fighting between government and guerrilla forces in the last three weeks, the most intense in years, has left tens of thousands dead. The 1991 pact between the warring factions, which was meant to end the civil war and prepare Angola for free elections and Western-style democracy, appears on the brink of coming

Moreover, millions of people have been forced from their homes by the conflict and more than 1.5 million face the prospect of starvation, United Nations officials say.

"Things are worse oow than they've ever

been," said Sorge Chikoti, Angola's deputy foreign minister. "We have never seen so many refugees, so many deaths, so much destruction

in such a short period of time."

The renewed clashes come as leaders of the two sides met again Friday in negotiations in the Ethiopian capital, Addis Ababa, aimed at halting the bloodshed. But African and Western diplomats in Luanda say the chances of a See ANGOLA, Page 4

Japan is one of the countries that has voiced deep concern about the Commerce Department's action, and while the decision Friday

Clinton Weighs Signal On New Trade Battle **Brewing With Europe**

Citing EC Favoritism on Bids, U.S. **Would Retaliate on Communications**

By Peter Behr

Washington Past Service
WASHINGTON — The Clinton administra-WASHINGTON —The Clinton administration is considering imposing stiff sanctions on
the European Community in retaliation for a
new policy that gives European telecommunications and power equipment manufacturers
the inside track in bidding on government contracts within the Community, according to industry and congressional sources.

Mickey Kantor, the oew U.S. trade representative, met with several members of Congress to
review the cotions under consideration, con-

review the options under consideration, congressional sources said. The options reportedly include barring European companies from bid-ding on a small oumber of U.S. government contracts, as an initial step, and more sweeping sanctions if the administration and EC officials cannot resolve the dispute, these sources said.

An official of an American telecommunications company that was contacted by the ad-ministration said, "They asked us how we felt about retaliation."

"It's time to draw a line in the sand," he

The sources expect President Bill Clinton to send a strong signal about his administration's trade policy with his decision, which they ex-pect in days. Industry officials have hoped the administration would use this issue to show its willingness to risk confrontations to obtain greater access to foreign markets.

A spokesman for the Office of the U.S. Trade

Representative declined in comment. An official speaking for the EC said retaliation would be unfair and counterproductive and would enflame trade relations.

The Chinton administration and its European allies crossed swords earlier this past week when the Commerce Department ruled that 19 nations, including Europe's major industrial powers, had violated U.S. trade laws by dumpng steel exports in the United States at less than "fair market value."

The confrontation over government purchasing has been building for nearly a year, after the Bush administration warned the 12-nation Eu-ropean Community that its proposed directive on government purchases of telecommunica-tions and power generation equipment discriminated against American companies.

The EC directive "would require EC utilities to favor EC goods and services over U.S. and other foreign ones" and create "official dising to the Bush administratioo's statement a

EC officials said their directive was, in fact, a step toward fairer trade practices because it created a single rule for all 12 EC nations, one that could be improved upon in subsequent negotiations. Most of the individual European egislatures have not yet approved it.

The "buy European" preference in the directive was necessary, an EC official said, to win a formal guarantee from the United States enforceable under international trade law -that EC manufacturers would not be discrimi-nated against in bidding for the business of private American telephone companies.

The Bush administration refused to enter into such an agreement because it went beyond government business to include the private telephone sector.

In a statement last year, Mr. Kantor's predecessor, Carla A. Hills, said the United States would retaliate immediately if the directive

During his Senate confirmation hearing last week, several Finance Committee members pointedly asked Mr. Kantor whether he would do the same, with the intent oo establishing a renchmark of the new administration's resolve.

Mr. Kantor agreed that situation had often been a problem. "What I bope to do is the opposite," he replied, "To enforce the law,

World Trade Pact Will Miss Deadline

The man overseeing world trade talks ruled out the possibility of a global trade pact before March 2, the deadline for a procedure allowing rapid approval of an accord in the U.S. Congress. As a result, it seems inevitable that final approval of the Uruguay Round of trade oegotiations will be put off for months. (Page 9) be put off for months. (Page 9)

Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, had hoped to wrap up the GATT talks in the first two months of this year. But French objections to a U.S.-EC agricultural agreement, uncertainty over the intentions of the new Clinton administration and the U.S. imposition of tariffs on steel imports have combined to stall progress and Washington.

Now, Tokyo Takes Its Turn To Yell 'Foul' on Dumping

Washington Post Service

TOKYO - Japan, which usually plays the role of defendant in cases involving "dumping" of low-priced goods, amounced Friday for the first time that it would impose anti-dumping

The government said it will put duties of 4.5 percent to 27.2 percent on imports of ferrosilicon manganese, a steelmaking material, from 100 Chinese companies that it said were selling the product in Japan at unfairly low prices. The decision will become an increasingly

common Japanese tactic as Asian nations push to open Japan as an export market, a Japanese trade official said Friday. (Page 9) The irony of the situation was not lost on the

Japanese, who have long fought charges that their companies price exports at cut-rate levels in order to generate volume and win market

"Because of this decision, Japan may lose the high ground" in battling protectionism, a front-page analysis in the Sankei Shimbun warned. Moreover, the move comes amid rising glob-

al tensions over the prospect that a rash of protectionist actions could seriously impede international trade. Those fears were fanned when the U.S. Commerce Department announced Wednesday that it will impose stiff provisional anti-dumping duties on imported steel from 19 countries.

bate an already unsettled situation.

Some Japanese officials cooceded that the timing of the announcement was unfortunate. But they denied speculation that it meant Japan had shifted its trade policy toward launching more anti-dumping cases, and said that Japan would continue to criticize countries that overuse dumping actions to protect their home

Officials of the Ministry of Trade and Industry said they had little choice but to take action after a long investigation. And they said what differentiates Japan from some of its trading partners is that Tokyo's anti-dumping move was taken in strict accordance with the General Agreement on Tariffs and Trade, or GATT, the international treaty governing global com-

"The decision was a result of transparent and fair investigations based on GATT rules," said Yoshiro Mori, the minister for international trade and industry.

"We need to cope with cases of commodities being sold at unduly low prices," said a Foreign Ministry spokesman, Masamichi Hanabusa. "If you use anti-dumping mechanism as a bar to international trade, now that is a serious busi-

Some experts said that Japan was likely to take more such actions in the oear future. "This could be kind of a trend," said Motoshige Itoh, a professor at Tokyo University. He said that several Japanese industries were considering

tive vote could damage Mr. Yeltsin, who had

boped for parliamentary elections to eliminate his opponents prior to a presidential

ballot. Parliamentary elections are set for 1995 and a presidential vote for 1996. Mr.

Khasbulatov wants to move both to 1994. Mr. Khasbulatov's proposal would be

contained in the referendum on a new con-

stitution to be held April 11.

See JAPAN, Page 8

In China, a U.S. Land Rush by Inches

established power left."

By Sheryl WuDunn New York Times Service

GUANGZHOU. China - Sooner or later someone was going to discover a way to make money on the Chinese craze for the United States. Now it looks as if someone has - perhaps at the expense of thousands of naive Chinese.

All across the country, from the ice-glazed terrain of Harbin in the north to this moneyed metropolis in the south, people are talking about the chance to buy a "piece of America."

"I want to be a landowner in Americal" said Bi Fei, a young financier who carries a cellular telephone and dashes around from luxury hotel to fancy restaurant. "How many Chinese people can say

that they own American land?" Driven by a belief that possessing land in the United States gives the owner the right to inspect the property - and therefore obtain that sorely wanted visa - tens of thousands of Chinese are rushing to buy tiny bits of America.

In the United States, a "Deed of Land to the United States of America" is a deed to a square inch of terrain in each of the 50 states. It sells for \$49.95 as a novelty, like a pet rock or canned air.

But in China, prices are going berserk. In Guangzhou, the price has been \$468, in Beijing \$700; in Shanghai it once hit \$1,700. About 100,000 people have bought the deeds since they arrived on the Chinese market last November. That is twice as many buyers as in

the United States, where they have been available for more than a year. The mania reflects the infatuation with most things American. But what really captures the Chinese imagination is the prospect that as American landowners they will be allowed to visit their property. This

See DEEDS, Page 4



OVERLAND - Sir Christopher Mallaby arriving Friday in Sangatte, France. via the Channel tunnel, the first British euvoy to go to an overseas post by 'land.'

Kiosk

Vote Proposal Takes Aim at Yeltsin A simultaneous presidential and legisla-MOSCOW (AP) - Russia's hard-line

parliament speaker fired a new salvo at President Boris N. Yeltsin on Friday, calling for simultaneous elections for president and lawmakers next year. The move by the speaker, Ruslan I. Khas-

bulatov, opened a new round of political fighting after a truce reached in December between Mr. Yeltsin and hard-liners in the Congress of People's Deputies.

Page 2.

General News At the White House, it's a long busy signal. Page 3.

for Clinton. Art

Top market prices prove the skill of the connois-

Israeli court ruling on de-

portees creates a dilemma

Business/Finance Europe needs more than

the U.S. upturn to cure its Two Japanese paper makers are to merge. Page 13.

Money Report Measuring fund managers, demergers, and small

stocks.

Trib Index **Down** Üp 3.78 0.21% 90.33 3,310.03 The Dollar 1.6113

1.586 1.5155 124.65 124.20 Pages 14-15. 5.4515 5.3655

Israeli Ruling on Deportees Sets Up a Dilemma for Clinton

By Elaine Sciolino

New York Times Service
WASHINGTON — The decision by the Israeli High Court upholding the deporta-tion of more than 400 Palestinians disappointed the Clinton administration, which was clearly boping that the court might relieve it of having to choose between supporting UN sanctions against Israel or antagonizing the Arah countries that are likely to seek sanctions.

In any event, the continuing impasse over the deportees jeopardizes the Middle East peace talks, which are supposed to resume next month but which are now threatened with an Arah boycott.

President Bill Clinton has pledged that making progress toward peace is one of his highest foreign policy priorities, but he now finds that unless there is an early break over the deportees, there may not be

in favor of a Security Council resolution readmit the Palestinians. that unanimously condemned Israel for deporting the Palestinians and demanded their immediate return, the Clinton administration has indicated it will oppose any initiative to enforce the resolution with even limited sanctions.

The Arab group at the United Nations

tion to impose sanctions that would forbid all states and individuals to deal with Israeli firms with links on the West Bank and bar Israel from human rights meetings, Reuters reported.]

Tuesday that the council take "whatever

weeks, Mr. Christopher will find the deportees at the top of his agenda when he Prime Minister Yitzhak Rabin with a facetravels to the Middle East in the second half of February. He is also to meet with his NATO counterparts in Europe and vor of the immediate return of the deporwith Foreign Minister Andrei V. Kozyrev has reached agreement on a draft resolu- of Russia, State Department officials said.

the Middle East at the National Security Council during the Bush administration, said, "The administration could be forced Reuters reported.]

Secretary of State Warren M. Christopher will probably plead for more time departure and sets a dangerous precedent tough message to Mr. Rabin, but they when he visits Secretary-General Buttos for pressuring Israel — and seeming to declined to discuss its content. to choose between some sanctions against employ a double standard when it comes to taking a tough line against those who do Mr. Butros Ghali recommended on not conform to Security Council resolu-

uncasures are necessary" to force Israel to

Until Thursday, the administration had they would never recognize Israeli courts gambled that the Israeli High Court of by appealing the expulsion orders, Reuters

If the issue is not resolved in the next few

Until Thursday, the administration had gambled that the Israeli High Court of by appealing the expulsion orders, Reuters

Justice would break with precedent and reported from southern Lebanon. saving way to take back the Palestinians.

Despite the Security Council vote in fatees, neither Mr. Clinton nor Mr. Christopher explicitly repeated that demand when Richard N. Haass, the senior official on they spoke with Mr. Rabin in telephone conversations last weekend, according to Israeli officials.

As part of its diplomatic efforts, Mr. Christopher prepared Thursday night what State Department officials described as a

Palestinian deportees boycotted an Israeli appeals process on Friday and said

Troops to Help Fight Moscow Crime

MOSCOW (Reuters) — City authorities in Moscow are calling in

The Palestinians, stranded in a makeshift encampment since Dec. 17, urged Arab states to press for tough UN sanctions to make the Jewish state take them back. Israeli soldiers set up two tents on the southern tip of a muddy piece of no-man'sland so that any deportee can meet his

An Israeli Army spokesman said the army had posted an officer to accept appeals at the Zemraya crossing point, just south of the encampment. No one came

Abdul Aziz Rantisi, the leader of the deportees, said: "We will definitely not go to Zemraya to present appeals. Our decision is fixed and final and will never

Yeltsin, in New Delhi, Urges Realignment of

By Molly Moore

Asia's Largest Nations

Washington Past Service NEW DELHI — President Boris visit to India since the collapse of the Soviet Union, urged a realign-ment of Asia's largest nations on Friday in what he said could be a "major force" to halance U.S. and European interests.

Speaking of Russia, India and China, Mr. Yeltsin Said, "Peaceful relations among the three largest nations could be a stabilizing factor, not only in Asia but in the

Such a coalition would have to overcome profound distrust. India has long considered China one of its main competitors. China invaded India in 1962, and India continues to maintain a large military presence on its northeastern borders with China, where skirmishes still occasionally occur. China has also been the principal ally of Pakistan, India's principal adversary. "In Asia, we don't consider any

one as a potential adversary," Mr. Yeltsin told the Indian Parliament. In what appeared to be an effort to appease critics in his own country who accuse him of being too pro-American, Mr. Yeltsin told Parliament that Russia wanted to

American protests and announced that Russia would go forward with plans to sell rocket engines and expertise in India for launching a communications satellite. American officials say the same technology could be used for anti-ballistic

balance between West and East."

When two great countries, in agreement, it is not businesslike or oper to breach that agreement," Mr. Yeltsin said at the conclusion of three days of meetings with top Indian officials. "And no third parrocket, as agreed."

American officials, concerned about nuclear weapons in India and neighboring Pakistan, have N. Yeltsin of Russia, in his first tried to dissuade the Russians from making the engine sale to India.

Even so, Mr. Yelisin's visit to India ended in a major recasting of

relationships between the two nations, shifting from national securiagreements between the two countries severed old military guarantees by Moscow that it would defend India against aggressor countries and opened new pacts for joint manufacturing projects, science and technology transfers and

narcotics control. The negotiations between Yeltsin and Prime Minister P. V. Narasimha Rao were seen primarily as an effort to mend a growing rift between Moscow and what was once one of its greatest allies outside the Warsaw Pact, even though India consistently tried to identify itself as a nonaligned nation.

India has been hard hit by the demise of the Soviet Union, which left India's military hobbled by lack of spare parts for its Sovietbuilt jets, tanks and other equipment, and its economy stripped of its biggest trading partner. When the Russian rouble was devalued, have an Asian policy "to strike a India also found itself facing a huge trade debt with Moscow because of The Soviet president also defied a complex barter system the two nations had built on their respective soft currencies.

Although many of the details remained fuzzy, Mr. Yeltsin and Mr. Rao announced agreements in which Russia would provide more military spare parts to India and establish some joint ventures for manufacturing spare parts for milithis case India and Russia, sign an tary hardware. The Soviet Union resisted joint ventures, preferring that its clients buy everything from Moscow, Now, the dismal conditioo of the Russian economy and most of which burned or evaporated or is dissipating. Mr. Yeltsin's attempts at reform can interfere with its fulfillment. have promoted leaders to look out-So we will deliver the cryogenic side the country for husiness opportunities.

The troops will escort police officers on regular patrols, especially at night, and will take part in some police raids. "They will not be conscripts but experienced soldiers, paratroops, and they will carry sidearms," the spokesman said. China Backs Bonn's Rebuff of Taiwan

BEIJING (AFP) — China expressed satisfaction Friday with Germany's refusal to sell warships to Taiwan.

"We welcome the decision the German government has made not to approve the sales of weapons to Taiwan," a Foreign Ministry spokesman said ground but the Vienne and Control of the Control

aid, quoted by the Xinhua press agency.

Germany's Interministerial Commission, which approves overseas arms sales, on Thursday rejected a request to authorize German ship-yards to build two suhmarines for Taiwan for \$641 million. Bonn, which is running a trade deficit with both China and Taiwan, feared reprisals from Beijing, notably commercial ones.

WORLD BRIEFS

paratroops to help the police patrol streets and curb the city's rising crime

rate, the Russian Defense Ministry said Friday.

A ministry spokesman said the city had promised an extra 300,000 square meters (3.6 million square feet) of living space to the armed forces

in return for their help. The army is in desperate need of apartments for

soldiers returning from former Soviet republics and Eastern Europe.

Tajikistan Orders State of Emergency

MOSCOW (Reuters) - Tajikistan ordered a state of emergency along

MOSCOW (Reuters) — I spikistan ordered a state of emergency acting its frontier with Afghanistan on Friday after Russian guards killed five smugglers in a border shoot-out, the Itar-Tass press agency said.

The Central Asian state's rulers, former Communists, struggling to consolidate a recent bloody victory over Islamic radicals, accuse some Afghan guerrilla groups of arming and training Muslim fighters and sending them back to continue the struggle. The Tajik leadership appealed to Russian border troops, who police the border, to help enforce

the emergency measure. The parliamentary leadership introduced the emergency "to normalize the situation along the border, organize the return of Tajik refugees from Afghanistan and confiscate arms from illegal armed formations," the

China, in Nod to Clinton, Frees Pair

BELIING (WP) - China has released two prominent political prisoners, apparently in a goodwill gesture to the Clinton administration, Western diplomats said Friday.

The diplomats were informed by Chinese government officials that Wang Xizhe, a democracy activist who had been imprisoned for 12 years, and Gao Shan, an economist imprisoned in connection with the 1989 democracy protests, had been released on parole.

It is not clear when the two men were freed, and the releases could not be independently confirmed. But diplomats believe the disclosure by Chinese government officials signals Beijing's desire for improved relations with the United States. China has been anxious to get relations with the Clinton administration off to a good start and has been emphasizing cooperation rather than confrontation in its dealings with Washington in

Iraq Agrees to Discuss Suppliers

MANAMA, Bahrain (Reuters) — Iraq has agreed to discuss who is supplying its big arms programs, a United Nations weapons inspector said Friday. Baghdad's refusal until now has been a major obstacle to the lifting of United Nations sanctions, including the ban on unlimited exports of Iraqi oil.

Although Iraq had already expressed a willingness in December to talk about the suppliers for its nuclear program, the UN inspector, Nikita p Smidovitch, said the Iraqis had told him that this would now apply to chemical, biological and ballistic weapons,

"It's a change of attitude," be said on his return from a five-day mission to Iraq, "because in their previous position they were very firm that they would not provide the lists. Now I would say they indicated at least some kind of willingness to discuss the issue."

Tanker's Oil Spill Reported at End

SINGAPORE (AP) — The flow of crude oil from the supertanker Macrsk Navigator was stopped Friday when a crack in one of the tanks was patched, A. P. Moller Co., the vessel's owner, announced.

"Remaining pollution around the vessel will be dealt with by spraying

dispersing materials," the company said.

A few tons of oil an hour had been flowing into the sea from the Maersk Navigator, which collided with an unladen tanker Jan. 21 near the northern entrance to the Strait of Malacca. More than 175,000 barrels of oil is estimated to have poured through holes in the ship's port side,

Singapore Warns Go-It-Alone Taiwan

TAIPEI (Reuters) - Lee Knan Yew, Singapore's senior minister, has warned Taiwan against declaring independence from China, saying that Beijing would move militarily against the island.

"If Taiwan attempted to move toward independence, the mainland would use military force to assert its sovereignty," Mr. Lee was quoted as saying Friday by the China Times newspaper. "It could easily use submarines to blockade Taiwan, dealing a severe hlow to Taiwan's economy. The United States and Japan would not intervene because they acknowledge there is only one China."

In recent years a growing number of opposition politicians and dissidents in the governing Nationalist Party have challenged Taiwan's official goal of reunification with China. But Mr. Lee said declaring independence would be "a disaster for the government and the people and that Taiwan and China, separated since the end of the civil war in 1949, should work toward eventual reunification.

TRAVEL UPDATE

A national monument in Berlin at the former East German anti-Nazi, memorial will be renovated as united Germany's memorial to all war dead. Chancellor Helmut Kohl said the New Watch, a 19th-century. neoclassical structure in the heart of Berlin built as a guard house for the Prussian emperor's palace, would be engraved with the words "For the victims of war and the rule of violence." The New Watch was a tourist attraction in East Berlin during Germany's division. Visitors came to see the changing of the guard, when members of a crack Communist unit goose-stepped into place. Mr. Kohl said a sculpture of a woman mouning for a dead son in her arms would replace a granite block decorated with a wreath in the structure on Unter den Linden.

European airlines said the number of passengers they carried on international routes rose by 12 percent last year, but the increase largely represented recovery of traffic lost during 1991. The Association of European Airlines said in Brussels its 23 members carried 110 million ngers over the year, 11.7 million up on 1991 when traffic was hit by the Gulf War which persuaded many people to stay bome. (Reuters) Air France announced selected price cuts of up to 75 percent off full fare, beginning Feb. 6, for tickets bought seven days before departure for Europe and 14 days before departure for the United States. (AFX)

Germany will change all postal codes from four- to five-digit numbers in July to end confusion caused by East-West unification in 1990, the postal authorities said Eridau.

Women Made Big Gains In Executive Jobs in '80s

Los Angeles Times Service

WASHINGTON — The number of American women in manage-ment jobs nearly doubled during the 1980s, according to a Census

The figures released Friday also illustrate the striking deindustrialization of the U.S. economy, with employment flat in blue-collar occupations such as equipment operators while expanding swiftly in technical and other white-collar fields. Labor force growth over the decade "was largely in the occupa-

tions that require academic training or an advanced education," said John Priebe, a government statistician who worked on the new report. The one exception would be the services segment, which

The oumber of women in executive, administrative and managerial jnbs climbed 95 percent to nearly 6.2 million between 1980 and 1990. That easily outstripped the 17 percent rise by men in the same positions. Minoriues made little progress in advancing into the ranks

Men continue to dominate management ranks, however. Of the 14.6 million Americans in management positions in 1990, nearly 58 percent were men, and men made up 54 percent of the overall civilian labor force of 123.5 million. Most of the evidence indicates that women are disproportionately in the lowest tiers of management and in the lowest-paying todustries.



in Mogadishu after being released Friday. One of Somalia's main belligerents, General Mohammed Farrah Aidid, released 387 soldiers, all he said he had held. The prisoners, captured in April when they tried to retake the capital, said they were not mistreated.

De Klerk Fears Civil War if Talks Fail

By Paul Taylor Washington Post Service

JOHANNESBURG - Warning that "a devastating war will ensue" if South Africa's negotiated political transition falters, President Frederik W. de Klerk sought Friday to reassure supporters that his white-minority government can manage its own demise and still safeguard their political rights and standard of living.

In an opening address to what is expected to be the last apartheid-era Parliament, Mr. de Klerk acknowledged "deadlocks and setbacks" had slowed the negotiating process during the three years since he released Nelson Mandela, president of the African National Congress from prison, but said a new consensus had finally emerged on the shape of post-apartheid

"The basis of that consensus," Mr. de Klerk said, "is the growing realization that domination in a winner-takes-all dispensation cannot work in South Africa; that private initiative and free market principles are indispensable to a better quality of life, and that a regional dispen-

AMSTERDAM

CROSSROADS INTERNATIONAL CHUR-

CH Interdenominational & Evengelical Sun-day Service 10:30 a.m. / Kida Welcoma, De Cuserstraat 3, S. Amsterdam Info. 02940-

BARCELONA

INTERNATIONAL BAPTIST CHURCH

meets at Trav. des les Corts, 340-344, 2. Sunday worship 11:00. Dr. lack Robinson.

INTERNATIONAL BAPTIST CHURCH (En-

gish language) meets at Evangelish-Freikir-chlich Kreuzgemeinde, Hohenlohestrasse Hermann-Bose-Sir. (around the comer from

the Bahnfol) sunday worship 17:00 Ernest D. Walker, pastor. Tel. 04791-12877.

BUCHAREST

INTERNATIONAL BAPTIST CHURCH, Strada Popa Rusu 22, 300 p.m. Contact Bill Richardson, Tel. 10 0-91-61.

COTE D'AZUR

mods tel 93.65.64.54

FRANKFURT

CHRIST THE KING. (Episcopal/Anglican). Sebastian-Rinz-str. 22, UI 2,3 Miquel-Allea. Sun. Holy Communion 9 & 11 a.m., Sunday

MADRID

COMMUNITY CHURCH, Worship and Church-School at 11:00 a.m., Padre Damien

34, (August, Orenze and Gen. Yague). International, English Speaking. Tel.:

INTERNATIONAL COMMUNITY CHUR-CH,Evangelical, Bible Beliaving, services in English 4:15 p.m. Sundays at Enhuber Str. 111 (UZ Therestenstr.) (089) 93 45 74.

MONTE CARLO

INT'L FELLOWSHIP, 9 Rue Louis-Notari, Sunday Worship 11:00 & 6 p.m. Tel: 92:18:58.00.

PARIS and SUBURBS

THE AMERICAN CATHEURAL (Episcopal-Anglican). Sun. 9 & 11 a.m. Sunday School for children and nursely care at 11 a.m. 23 ave. George V, Paris 6. Tel.: 47 20 17 92.

HOPE INTERNATIONAL CHURCH (Even-

gescel). Sun. 9:30 a.m. Hotel Orion. Metro t : Esplanade de La Défense. Tel.: 47.73.53.54

SAINT JOSEPH'S CHURCH (Roman

Catholic), Masses Saturday Evening 6:30 p.m., Sunday, 9:45, 11:00, 12:15 and 6:30 p.m. 50, avenue Hoche, Paris 8th. Tel: 22.77.28.58. Metro: Charles de Gaulle -

TOKYO

ST PAUL INTERNATIONAL LUTHERAN

CHURCH, near lidabashi Sm. Tel.: 3261-3740, Worship Service: 9:30 a.m. Sundays.

Metro: George V or Alma-Marceau.

School and Nursery 10:45 a.m.

15316 or 02503-41399

sation, based on federal principles and recognition of our cultural and linguistic diversity, is a

In the speech, he called for the resumption of multiparty negotiations by March (after what

crime measures, including mandatory minimum sentences for possession of AK-47s and other semi-automatic weapons that have spread throughout the country; the possible reinstitution of the death penalty, and the incorporation into the police force of so-called self-defense units - citizen groups established by blacks in many townships as a form of protection against

Coming at a time when crime, corruption. recession, frustration over the slow pace of talks and anxiety about the future have all driven Mr. de Klerk's support to the lowest level of his presidency, the speech treaded a fine line between claiming that oegotiating breakthroughs were at hand and assuring that oo concessions on matters of basic principle were being made.

ance with the African National Congress," Mr. de Klerk said. "Nothing could be further from the truth." In fact, after a half-year of finger-pointing, the government and the African National Contheid organiz

have held three meetings in the last two months, and have scheduled two more for February. According to private comments and public statements, they have agreed to share power in an interim government whose duration is more likely to be measured by years than hy months.

RELIGIOUS SERVICES

HOLLAND

THINITY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship. Meets at Bloemcamplaan 54 in Wassenaar.

KRAKOW

INTERNATIONAL BAPTIST FELLOWSHIP. ul. Wyspianskiego 4. First Sunday each mon-th. 6:00 p.m. Gustaw Cieslar, coordinator.

MADRID

INMANUEL BAPTIST MADRID. Hernandez de Tejada, 4 English Services. 11 a.m. 7 p.m. Tel.: 407-4347 or 302-3017,

INTERNATIONAL BAPTIST CHURCH OF

MUNICH, Holzstr. 9 English Language Services. Bible study 16:00. Worship Service 17:00. Pastor's phone: 6908534.

PARIS and SUBURBS

EMMANUEL BAPTIST CHURCH, 56 Rue

emmanuel sarrist Churich, 56 hue des Bors-Raisins, Rueil-Malmaison, An Evangeloal church lot the English spealing community located in the western suburbas.S. 9:45; Worship: 10:45; Children's Church and Nursery, Youth ministres Dr. B.C. Thomas, pastor, Call 47:51:29:63 or 47:49,15:29 for information.

INTERNATIONAL BAPTIST FELLOWSHIP. 6:30 p.m., 123 av. du Maine. Mo Gatté. Near the Tour Montpenrasse. The evening service of Emmanuel Baptisi Church. Call 47:51:29 63 or 47:49.15:29.

PRAGUE

International Baptist Fellowship meets at the Czech Baptist Church Vinohradiska # 68, Prague 3. At metro stop Jirihoz Podebrad Sunday a.m. 11:00 Pastor: Bob Ford (02) 311 0693.

International Baptist Church, English, German, Persian, Worship 10:30 a.m., Seilerstr. 21, Wupperial - Elberfeld, All denominations welcoma. Hens-Ilielar Fraund, pastor. Tel. 0202/4695384.

INTERNATIONAL BAPTIST CHURCH of

Wilderswi (Zirich), Switzerland, Rosenberg-stresse 4. Worship Services Sunday mornings 11:00. Tel: 1-7002812.

EUROPEAN

UNITARIAN UNIVERSALISTS

BARCELONA: Aptartado de Correos 27305, 08080 Barcelona, Spain. Tel.:

FRANKFURT/MESBADEN: (0611) 719461.

MERDELBERG: (49) 6222-7 3718 or (49)

I INITARIAN UNIVERSALIST (68

contacts in Europe include:

IRRUSSELS: Tel.: (02) 6600226

GENEVA/BERN: (022) 7741596.

NETHERLANDS: (073) 408208.

MUNICH: (49) 821-47-2486.

PARIS: (33) 1-42-77-9677.

(03) 3149154

6205-16486.

TeL: 33 23 05 + 66 49 32

EUROPEAN BAPTIST CONVENTION

INTERNATIONAL BAPTIST CHURCH. BEPLIN. Rothenburg str. 13, 1000 Berlin 41 (Stegliz), Bitle study 10.45, worship at 12.00 and 19.00 each Sunday, Charles A. Werlord, Pastor. Tel.: 030-774-4670.

BONN/KÖLN

THE INTERNATIONAL BAPTIST CHURCH OF BONNVKOLN, Pheirau Strasse 2, Körn. Worship 1:00 p.m. Calvin Hogue, Pastor. Tel.: (02236) 47021.

BUDAPEST

International Baptist Fellowship. Il Birribo u. 56 (main entrance Tapolosary) u. 7; immediately behind front entrance). 10:30 Bible study. 6:00 p.m. Joel Jenkins, pastor. Tel.: 1158759 & 1156116. Reached by bus 11.

BULGARIA

INTERNATIONAL BAPTIST CHURCH, So-fia, Hotel Vitosha, 100 An Iwanov Bivd.Wor-ship 11:00. Charles Currie, Pastor. CORNERSTONE CHRISTIAN FELLOW-SHIP worships at Hotel Mediathel, Sophie-Antipolis, 10:30 a.m. Sundays; nursery,

CELLE/HANNOVER

INTERNATIONAL BAPTIST CHURCH, Friedenskitche, Riemannstr. 15, Celle, SS 12:45, Worship 14:00. 30 min. Drive, 20 min. By Irain from Hannover. Walking distance from Celle train station. Contact Andy Earl. Tel. 10:141. 20:214.

DARMSTADT DAPMSTADT/EBERSTADT BAPTIST MIS-

SION, Bible study & Worship Sunday 10:30 a.m. Stadimission Da-Eberstadt, Buescheistr. stor. Tel.:06187-81683 (pastor) &

DÜSSELDORF INTERNATIONAL BAPTIST CHURCH, English. s.s. 10:00, worship 11:05. Children's church and nursery. Meets at the International School, Lauchtenburger (Archweg 2,D-Kalserswerth, Friendly leikowship. All denominations welcome. Dr. W.J., Oelay, Pastor. Tel.: 0211/400 157.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOW-Bodenerstr. 11-18, 6380 Bad Homburg, phone: 06134-23278 or 08196-643350 servin the Frankfurt and Taunus areas, German Sunday worship 09:45, nursery + Sunday school 10:00, women's circle - Finday 09:30 Housegroups - Sunday + Wednesday 19:30.
Pastor M. Lévey, member European Baptist
Convention. "Declare His glory amongst the

BETHEL INTERNATIONAL BAPTIST CHURCH, Am Dachsberg 92, Frankfurl a.M. Sunday worship 11:00 a.m. and 6:00 p.m., Dr. Thomas W. Hill pastor. Tel: 059-549559. HAMBURG

INTERNATIONAL BAPTIST CHURCH

OF HAMBURG meets at TABEA FESTHAL-LE.Am Islaid 19, Hamburg-Osidorf, Bible Stu-dy at I 1:30 & Worship at I 2:30 each Sunday.

would by then be a nine-month hiatus); the phasing out of the racially based "own affairs" government departments over the next year; the establishment of multiparty, multiracial transitional executive councils by June; the adoption of a transitional constitution and a bill of rights by September, and the holding of an all-races election for an interim government and permanent constitution-writing body by Mr. de Klerk also laid out a series of anti-

We are often suspected of forming an alli-

Given the deep divisions within South African society, these negotiating partners find themselves under intense pressure from their flanks to avoid the appearance a sellout.

ASSOC. OF INT'L CHURCHES

IN EUROPE & MIDEAST

BERLIN

AMERICAN CHURCH IN BERLIN, cor. of

Clay Albe & Potstamer Str., S.S. 9:30 a.m. Worship 11 a.m. Tel: 030-8132021.

THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS, Sunday School 9.30 a.m. and Church 10:45 a.m. Katterberg, 19 (at the Ins. School). Tel.: 673.05.21. Bus 95. Tram 94.

RITERNATIONAL CHUPCH of Copenhagen, 27 Fanergade, Variov, near Rédius, Study 10:15 & Worship 11:30. Jack Husted, Pastor. 7st.: 31824785.

FRANKFURT

TRINTY LUTHERAN CHURCH, Nibelungen Allee 54 (U-Bahn 5), Sunday School 9:30,worship I 1 a.m. TeL: (059) 599478.

GENEVA

EV. LUTHERAN CHURCH of Geneva, 20 rus Verdaine. Sunday worship 9:30. in Ger-man 11:00 in English. Tet (022) 310:50.89.

LONDON

AMERICAN CHURCH in London at 79 Tot-tenhem Court Road, London WI, SS at 9:45 a.m. & worship at 11 a.m. Goodge street tube;

MOSCOW

MOSCOW PROTESTANT CHAPLAINCY, UPDK Half, UL. Utota Palme 5, btdg. 2. Wor-ship 9 + 11 a.m. S.S. Tel.: 143-3562.

OSLO

American Lutheran Church, Fritznersgl. 15 Worship & Sunday School 11 a.m. Tel.: (02)44,35.84.

PARIS

AMERICAN CHURCH IN PARIS. Worship 11:00a.m.65, Qual d'Ossay, Paris 7, Bus 63 at door, Metro Alma-Marceau or

STOCKHOLM

IMMANUEL CHURCH, Worship Christ in Swedish, English, or Korean. 11:00 a.m. Sunday, Birger Jarlsg, al Kungstensg. 17. 46/08/ 15 12 25 x 727 for more

VIENNA

VIENNA COMMUNITY CHURCH, Sunday worship in English 11:30 A.M., Sunday school, nursery, international, all denomina-tions welcome, Dorotheargesse 18, Vienna 1.

WARSAW

WARSAW INTERNATIONAL CHURCH, Protestent English language expetitates, Sun-days 11:00 a.m. (Sept.-May), 111 a.m. (June-Aug.); Sunday School 9:55 (Sept-May) UL. Miodowa 21. Tel.: 43:29-70.

ZURICH

INTERNATIONAL PROTESTANT CHURCH English spealing, workship service, Sunday School & Nursery, Sundays 11:30 a.m., Schanzengasse 25, Tel. (01) 2625525.

Diphtheria Spreads Throughout Russia

By Celestine Bohlen New York Times Service

MOSCOW - Diphtheria, an

The number of people stricken has risen from 1.000 in 1990 to Ukraine, which in the first 10 about 4,000 at the end of 1992, with months of 1992, reported 1,344 the numbers of new cases doubling cases. The last official number for between July and December.

WHO offices in Denmark. "If you have 1,000 cases where diphtheria cases in Europe, Dr. Ob-

20 and 50, routinely immunized. But doctors also say that the situ-time. Doctors say the initial symp-

mounting crisis. "People are on the move, mostly so.

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Pacific Western University 500 N Seputreda Bird Dept 23 Los Angeles CA 90049

from the areas where the conflicts are." said the Moscow's chief epidemiologist, Igor A. Andrevev. There is more mixing of the popu-

Russia is 3,278 as of November

Incidence of diptheria is increas-

larus. 13 new cases were reported

Altogether, the former republics

A highly contagious disease,

Untreated, it progresses_rapidly

In most developed countries.

political stability.

cutely infectious disease that has been practically eliminated in the lations, and more carriers - drift-West through regular immuniza- ers. people who live in the subway tion, is spreading rapidly through lunnels. It is part of the social prob-Russia, reaching what the World lems created by the country's col-Health Organization calls epidemic lapse, by the lack of social and proportions.

The number of people stricken

First reported mostly in the 1992, but with the number of new

country's largest cities. Moscow cases rising at more than 500 a and St. Petersburg, both of which month, it was expected to have have more than 650 registered passed 4,000 at year's end. cases, experts say the disease is now showing up in the more distant ing but at a slower rate, in Lithua-regions, where doctors are less likenia. Moldova and Belarus; in Bely to give a prompt and effective

disgnosis.

"From our point of view, it is an nationwide total of 44, WHO figepidemic," said George Ohla- ures show. penko, acting regional adviser for of the Soviet Union account for communicable diseases at the more than 90 percent of all the

lapenko said. The last big outbreak you previously had 100," he said. "then it is clearly another level of in Europe occurred in Sweden in transmission. It will take time to the 1970s, he said, but then the control it now, in a huge country number of cases never surpassed like Russia, to bring levels down to 20. zero.

Most experts attribute the in- diphtheria is transmitted by aircrease in diphtheria to Russian borne bacteria, which may be practices that allow a high number spread in particles and which pro-of infants to be turned down for duce a toxin that causes an inflamnormal inoculations for medical mation of the heart and nervous reasons while not keeping many system. adults, particularly those between and can be fatal in a short period of

ation has been worsened by the toms are commonly confused with social and economic upheavals that angina, or inflammation of the have sent thousands of people mi-throat and chest. grating across the former Soviet Union and slowed down the re- children are immunized at an early sponse of health authorities to a age, with booster shots administered regularly until the age of 12 or

UNIVERSITY DEGREE

(310) 471-0306 FAX: (310) 471-6456 Cati er erite for latermation led resouré for Prec Evaluation

Saudis Execute Bootlegger

DUBAI, United Arab Emirates A Yemeni convicted of brewing and distributing alcohol was executed in Riyadh on Friday, the official Saudi Press Agency reported. It quoted a government statement saying the man had been repeatedly expelled for distributing alcohol and drugs.

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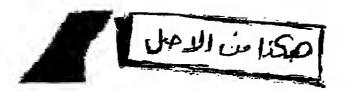
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FIRST 100 DAYS / LREADY, A COMPARISON

in Passport Case, Bush's Files Are Fair Game

WASHINGTON - Joseph E. diGenova, the independent counsel m the investigation into the pre-election search of President Bill Clinton's passport records, may review personal files of former President George Bush as part of the investigation, according to

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An Inauguration Day agreement between Mr. diGenova and Mr. Bush's acting White House counsel left open the option for Mr. Bush to try to block such a review "through legal means." But Mr. diGenova wrote in the agreement that he was not bound by Mr. Bush's designation materials as "measured" and not seek to review Bush's designating materials as "personal" and may seek to review

The agreement, which covers the carrying out of a Jan. 15 subpoena Mr. diGenova served on the Bush White House, also requires that the independent counsel immediately receive an inventory of the 10,000 boxes of White House documents already shipped to College Station, Texas, for Mr. Bush's presidential library. In addition, it details the preservation and production of a wide variety of information stored on paper and on computers, also covered by the Jan. 15 subpoena.

Mr. diGenova's decision to use a subpoena to collect White House material for his inquiry is in marked contrast to the approach taken by Lawrence E. Walsh, the independent counsel in the Iran-contra investigation, who, beginning in 1987, negotiated with White House lawyers to get the documents he wanted for his investigation.

As a result, one source said, Mr. diGenova expects that all materials relevant to his inquiry will be produced immediately, because White House lawyers are under legal pressure to make sure Mr. Bush and other officials are distant than the control of the contro Mr. Bush and other officials produce them.

Filling Governmental Gaps With Temporaries

WASHINGTON — The Clinton administration plans to rely on hundreds of temporary senior government officials to help run federal agencies and departments for up to four months until the

Democrats can sente on a permanent ruling class.

Using a law that allows appointments of up to 120 days without Senate confirmation or the established hiring rules for lesser-ranking officials, the administration has named or identified acting administration as a sentence of the confirmation of the confirmation of the confirmation of the confirmation has named or identified acting administration of the confirmation of the trators at agencies and departments, and temporary deputies and untitled workers throughout government.

One administration official said that as many as 500 such appoint-

ments were likely over the next month in an effort to keep the government running until Clinton nominees are found, nominated and confirmed.

There appears to be no policy or pattern to the appointments. At some agencies, the highest career official remaining when the Republicans walked out has been appointed. In others, the Clinton team left in place the "acting" heads named by the Bush team. And in some places, Clinton campaign workers and others were given temporary slots simply to give them work for a few weeks until permanent jobs are found or to fill gaping needs. (WP)

Boston Judge as Next Attorney General?

WASHINGTON - President Clinton held his first meetings with candidates for attorney general Thursday, his spokesman said, and sources said Rya W. Zobel, a federal district judge from Boston, was among those interviewed.

George Stephanopoulos, the White House communications director, confirmed that Mr. Clinton met with "at least one" candidate for the job as he tries to find a replacement for Zoe Baird, who withdrew from consideration after controversy over her hiring of undocumented aliens as domestic servants.

Judge Zobel, 61, has handled several extremely complex cases, including litigation involving asbestos and a patent infringement

case that Polaroid Corp. brought against Kodak in the 1980s.

She is a native of the former East Germany who came to the United States as a child with her family fleeing Communist rule. She became one of the first women to graduate from Harvard Law School and became a partner at one of Boston's most prestigious law firms before being tapped for the federal bench by President Jimmy Carter in 1979.

(LAT)

Quote-Unquote:

General H. Norman Schwarzkopf, retired, on Mr. Clinton's push to allow homosexuals in the armed forces: "I am astounded that the new administration, with all of the problems this country has, that

Democrats Feel Chill in Clinton's Spring Pentagon Deadlock



President Clinton, whose trouble has stirred dismay.

By Karen Tumulty and Michael Ross

Les Angeles Times Service

WASHINGTON — Democrats in Congress had happily assured themselves that in Bill Clinton and his inaugural promise to "force the spring," they could finally see the end of their own political winter. But after President Clinton's first week of dealing with Capitol Hill.

Jimmy Carter had with his own party in Congress. "Expectations were very high this time around, because there was so much frustration in the past," said Ben Nighthorse Campbell, Democrat of Colorado, a freshman senator. "Maybe they were too high. So many things you talk about in a campaign you find aren't so easy to do when

you get here."

Added Senator J. James Exon, Democrat of Nebraska: "The presiden has come out of a very small state with a very small legislature controlled by his own party. I suspect that the president, with all his smarts, does not fully understand the workings of Congress."

When he stumbled by naming Zoe Baird as attorney general, lawnakers gave him high marks after she withdrew her nomination for extricating himself - and them - from the controversy over her hiring of illegal

aliens as servants.

But then, rather than forging ahead with his central agenda — the one that got him elected — Mr. Clinton found himself in an imbroglio with one of his party's most influential congressional leaders, Senator Sam Nunn, Democrat of Georgia, over lifting the ban on homosexuals in the military—a matter that, until last week, barely registered on the scale of public priorities.

Republicans, Senator Exon said, have seized upon the controversy as "the beginning of the end of the Clinton administration in the first week." "It's very unfortunate, the way it was handled," he said. It may be too late to prevent that issue from jeopardizing one of the

Democrats' showpiece bills, popular legislation that would provide un-paid leave to workers who needed time off to care for a newborn or sick family member.

With phone calls to congressional offices running overwhelmingly against lifting the ban, Senate Repoblicans are threatening that if Mr. Clintoo makes any change in current policy in the next six months, they will offer an amendment to the family leave bill that would write the current prohibition on homosexuals in the military into law. Failing that, they would filibuster the bill.

Either way, they could force Senate Democrats to go on record on the

sensitive issue, and leave Mr. Clinton with the difficult choice of standing in the way of the family leave bill or accepting the ban.

Dialing the White House: Busy, Busy, Busy, Click

By Michael Kelly New York Times Service
WASHINGTON — Hello? Hel-

lo? Is anybody there? Hello? During Hillary Rodham Clinton's trip to New York on Tuesday, her press secretary. Lisa Caputo, tried to phone home.

First, she tried her own number

at the White House, Busy. Then she tried the main oumber, 456-1414. Also busy. Over and over, she tried, Beep, Beep, Beep,
"It was like dialing into a black

hole," Ms. Caputo said. "I mean, there was just no way I could get through. To my own office!" It has been a rough and not terribly ready seven days for Bill Clinton's White House. Homosexnals in the military. Zoe Baird out of the cabinet. Senators and joint chiefs

muttering darkly of discontent. But all of this pales compared with the problem with the phones. The vaunted White House telecalls elicited the same response.

Other oumbers within 1600 Dreyer." Pennsylvania Avenue are answered at times, with patience - 63 rings to place a call on Wednesday through to the office of George Stephanopoulos, the communications director.

The telephone at 456-2100, the up and try again." press office of the White House, was answered on the 13th ring. The caller asked to speak to David Dreyer, a deputy assistant to the president in the communications

Just a moment, I'll connect you," said a voice, female, Click Dead air. Long pause, No ring. Then, out of the ether, a new

voice, male: "Hello?" he said. Hello.

"Who's this?" "Who's this?"

phone system does not seem to work anymore. The main White House switchboard has been emitting busy signals since Inaugura-tion Day. From 1:00 P.M. to 5:00 P.M. oo Tuesday, for instance, 27

"Peter Collins." "Oh. I'm trying to reach David

"What agency is he with?" "The White House."

It's oot much better for those working the phones from within.

"It's hizarre," Ms. Caputo said.
"Nothing seems to work. All of a sudden I was on the intercom. And half the time you try to call someone in another office, you don't know the number. So you end up calling the operator. That's one reason the main switchboard is busy all the time: We're all trying to call each other through it."

Actually there are several problems, a White House official said.

"First of all, there really is a tremendous volume of calls," he said. "Secondly, it's a learningcurve problem; there are volunteers

in some offices answering phones "How odd; I'm not even in that who might not know who people building," he said. "I was trying to place an outside call. I don't know that the White House phone system why you're on my line. Please hang is not a real system, but all sorts of pieces of systems. When we started looking at it during the transition, our technical people found out it cootained 65 separate systems,

bridged together. They oearly had a heart attack. So we decided to overhaul the system, which we are doing, which is adding to the confu-In other words, at least part of

the reason the phones are not working at the White House anymore is because the new tenants decided to I'm sitting in this chair." mess with them. At least they've left the red phone alone.

As a Deal Collapses

How Powell's Switch on Cuts hope is rapidly turning to chilly uneasiness, even dismay. In private, some legislators are beginning to draw parallels—certainly premature—with the disastrous relationship that former President Scuttled a Capitol Scenario

By Barton Gellman

week to abandon his modest plan for reducing U.S. military redun-dancies represented the collapse of a secret deal between the general

crat of Georgia. The failure of that deal, and the forces as "complementary," leaves his shoe on the table" in 1960. the Clinton administration and In the next draft of his repo Congress in a quandary.

Embroiled in a struggle for conthe armed forces — the administration and influential members of Congress must now decide how far they can push the military com-

manders on the question of which services get which assignments. For purposes of negotiation, at least, the military commanders are telling their civilian overseers that they can find oothing superfluous

At a private breakfast last summer in Senator Nunn's office, General Powell reviewed a speech that the chairman of the Armed Services Committee intended to delivson with firsthand knowledge, the accompanying piece of Washing-ton political theater.

Senator Nunn would accuse the Pentagon of wasting billions of dollars on "tremendous redundancy and duplication" and demand that General Powell "conduct a nochairman of the Joint Chiefs of Staff, would go to his fellow chiefs and wave Senator Nunn's remarks like a club, extracting concessions from services loath to shed their overlapping roles. The message, as a Nunn ally, Senator John W. Warner, Republi-

can of Virginia, put it in a committee hearing to the service chiefs, was this: "Gentlemen, if you don't do it, we'll do it - just as sure as But the Nunn-Powell collabora-

tion unraveled late last month,

Washington Pout Service chiefs and some of the four-star commanders rebelled at modest cuts General Powell's decision this the Dec. 18 first draft of a report on roles and missions in the military. Inside the Pentagon, the more

when General Powell's fellow

a secret deal between the general restrained proposals General Pow-and the Senate's principal advocate ell floated last month fomented open rebellion. One staff officer said the reaction in the "Tank," the secure second-floor conference impending release of a Pentagon room where the chiefs meet twice a report defending nearly every duplicate capability in the armed at the United Nations, harmering room where the chiefs meet twice a

In the next draft of his report. dated Jan. 22 and circulated this week to the 14 top generals and trol of defense policy on other admirals, General Powell did an fronts - such as homosexuals in abrupt about-face, withdrawing

ocarly every suggestion to cut into budgets and turf. Where he had called for abolishing army and navy space commands — saving "we can no longer afford to allow multiple organiza-tions to be involved in similar, independent and often redundant space roles and functions" - he oow proposed to leave them intact in a military structure that remains "to ensure space systems support under relentless pressure to shrink."

Where he had called for transferring air force helicopters to the army - saying the insistence of all services on participating in rescue efforts impeded the rescue of flight er on July 2. According to one per- crews behind enemy lines - be oow recommended that all four two men agreed on a text and an services retain responsibility for search and rescue operations.

It is far from clear how President Bill Clinton and Defense Secretary Les Aspin will react. Mr. Clinton endorsed Senator Nunn's views during the campaign, but he is already in a high-profile fight to lift bolds-barred, everything-on-the-table review." General Powell, and may seek to avoid another.



THE MONEY REPORT Saturday in the

HI

Away From Politics

 An FBI agent lost his appeal against conviction for passing secrets to his Soviet lover. Richard Miller, 56, was sentenced to 20 years in 1990 after being convicted by in Los Angeles of six counts of spying. He was the first FBI officer to be convicted of espionage. He confessed to passing a classified document to Svetlana Ogorodnikova. A U.S. aparts court in San Francisco publish the conviction. peals court in San Francisco upheld the conviction.

• The archdiocese of Los Angeles will invest \$20 million on Catholic schools in neighborhoods damaged in last spring's riots, the archbishop, Cardinal Roger Mahony, said. Top Washington officials have been calling ven-

dors who contract with the city government to encourage them to buy \$1,000 tickets to Mayor Sharon Pratt Kelly's political fund-raiser Saturday, according to officials and contractors. Three Kelly administration officials said the mayor herself had urged agency heads to invite vendors and

 At least 668 Los Angeles Times employees have agreed to job buyouts, with most to leave by March
31. Workers may receive up to two years' pay and
18 months of paid medical coverage for themselves
and their dependents. Of the total, 260 were from

operations, 177 from marketing, 143 from adminstration and 88 from news and editorial.

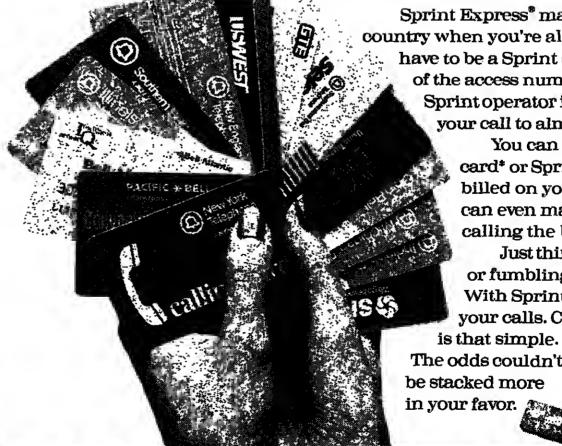
 A former Shearson Lehman Bros. official has been indicted on charges that he knowingly used a forged document in an attempt to discredit a customer who had filed a complaint against Shearson. The federal indictment, the first of its kind, charged Edward Coyle, 36, with mail fraud and maintaining false books and records. Mr. Coyle had been the compliance officer at Shearson's brokerage office on Fifth Avenue in New York. Compliance officers are responsible for seeing that brokers obey securities laws and rules.

 Super Bowl Sunday is a day of dread for many battered women. "There is significant anecdotal evidence that Super Bowl Sunday is the biggest day of the year for domestic violence against women," said Sheila Kuehl of the California Women's Law Center. "This game is terrifying for far too many men and that has to stop."

 New York City plans to borrow \$215 million from Chemical Bank, using as collateral unpaid proper-

ty-tax debts, to help close a projected \$2.1 billion budget gap in the next fiscal year. Reuters, AP, NYT, LAT, WP

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AMERICAN TOPICS

Determining Health By Waist-Hip Ratio

Waist-hip ratios are better health indicators than the com-monly used height-weight ratio, according to a study of 41,837 Iowa women aged 50 to 69. The study by a University of Minnesota public health team appears in the current issue of the Journal of the American Medical Associ-

Researchers found that the bigger the waist in comparison with the hips, the higher the risk of death, regardless of weight.

The authors cautioned that their data shouldn't be used to discount the harm of being fat, and said height-weight ratios remained an important predictor

We recommend that waisthip ratios be measured along with weight and height as part of routine surveillance and monitoring of risk status in medical practice," the researchers said.

For women, they said, the ratio should be less than 0.8 — the waist should be less than 80 percent of the hips. For men, who tend to have thicker waists in relation to their hips than women, it should be less than 0.95. Dr. JoAnn E. Manson, a physician at Brigham and Women's

Hospital in Boston, who did not take part in the study, cautioned that obesity — 20 percent or more excess weight — increases the risk of high blood pressure, adult-onset diabetes, coronary heart disease, gall bladder dis-case and observed most bin entices

Also, she said, waist-hip ratios are largely genetically dictated, and most people would be much more successful in reducing their weight relative to their height than altering their waist-hip ra-

Short Takes

A college diploma is worth \$1,039 a month in extra pay, ac-cording to the U.S. Census Bureau. One in four Americans hold college degrees. On average, people with bachelor's degrees are paid \$2,116 a month. High school graduates get \$1,077 a month. The best-paying bachelor's degree is engineering, worth \$2,953 a month. Social sciences degrees are worth \$1,841 a month, and liberal arts or hu-manities graduates trail at \$1,592 a month. The biggest money goes to people with professional degrees, such as law or medicine. On average, those people make

A new dodge by New York City jail inmates: using guns smuggled in by bribed guards, the inmates give themselves minor gunshot wounds in fleshy parts of the body, usually the thigh, then sue the city for negligence

\$4,961 a month.

or demand safer iail accomm dations. lovestigators cite as many as 10 such cases in the past three years. Inmates have filed five lawsuits but none have come to trial. A Correction Depart-ment spokesman said, "These are self-inflicted or deliberate shootings to make big bucks without getting seriously in-

Thurgood Marshall, who blazed a trail for black rights before becoming a justice of the U.S. Supreme Court, died this month at 84. James O. Freedman, president of Dartmouth College, who was a law clerk for Justice Marshall when the latter was a federal appeals court judge, said, "He is probably the only person ever appointed to the Supreme Court who would have had a place in American history before his appointment." Well, almost. William Howard Taft, president of the United States from 1909 to 1913, later served as chief justice, from 1921

Vielding to obvious temptation, Tom Durkin, a New York Racing Association announcer, got carried away when the horse Hannibal Lecter, named after the cannibalistic psychopath in the Oscar-winning 1990 film, "Silence of the Lambs," won a race at Aqueduct. "Hamibal Lecter devoured this field!" Mr. Durkin shouted. "I mean, he ab-

solutely had 'em for lunch!"

Arthur Highee

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Germans Mark Rise Of Hitler

60th Anniversary Prompts a Pause

Compiled by Our Staff From Dispatches BONN - Marking the 60th anniversary of Hitler's rise to power, Chancellor Helmut Kohl said Friday that months of racist violence did not mean that Germany had not learned its lessons from the Nazi years.

But other officials and Jewish leaders warned that Germans must carefully guard their democracy.

Thousands of Germans, mainly at newspapers and broadcastin stations, stopped working for 15 minutes of silence to commemorate the anniversary on Sameday and to protest months of neo-Nazi violence. Rightist radicals carried out more than 2.000 attacks last year, leaving 17 people dead.

The anniversary of Hitler's take-

over was causing many Germans to reflect on the re-emergence of intolerance. Nationwide anti-vioience demonstrations were planned

Mr. Kohl said it was "essential to prevent all violence and protect hu-

We Germans have learned that freedom, justice and peace are in-dispensable conditions for living together" in the world community,

But Jews in Germany took a more pessimistic view. "After the events in the past year, all of us must take heed that xenophobia, racism, anti-Semitism and intolerance are not given another chance in Germany," a Jewish statement

Ignatz Bubis, the top Jewish offi-cial in Germany, reminded Ger-mans that Hitler had come to power with the help of democratic

Urging modern political parties to unite in the fight against the far right, he said that pre-Hitler Germany "failed less because of the extremists than because of lack of resistance by democrats."

But Mr. Bubis also said there was no comparison between Weimar Germany and the country today. Otto Lambsdorff, chairman of

the Free Democrats, junior partners in the coalition government, said: "Bonn is not Weimer. But the lessons of Weimar must not be forgotten in Bonn." Hitler was chosen Germany's

leader on Jan. 30, 1933, which set the stage for the Nazi persecution of European Jews and other minorities, and a world war.

There were these related devel-

The Foreign Ministry announced that Germany would pay one billion Deutsche marks (\$625) million) to the victims of Nazism in Russia, Belarus and Ukraine. The first payments are to be made by May, after final agreement by the in half a dozen spots, as if from an governments concerned.

• The Turkish Consulate in Munster was the target of an arson attempt Thursday, but no one was hurt, the police said.

· Policemen raided the residences of two politicians from the small but vocal far-right Republican Party and seized 10,000 leaflets. Prosecutors in Dortmund said the leaflets mocked campaigns for tolerance toward foreigners.



ANTI-FOREIGNER DRIVE — Jörg Haider, leader of Austria's extreme-right Freedom Party, waving to supporters at a Vienna rally. Mr. Haider is collecting signatures for a referendum on whether the number of foreigners in the country should be restricted.

Army Won't Aid Serbs, Diplomats Say

By Chuck Sudetic New York Times Service

BELGRADE - Despite renewed firefights between Croatian Army forces and rebel Serbs along Croatia's Adriatic coast, Western diplomais say they do not expect Yugoslavia's army to intervene on the Serbs' behalf unless the fighting radically intensifies and spreads.

"The Yugoslav Army won't move in if it remains localized," a Western diplomat said. But our experience here is that once the fire starts, it burns through a large part of the forest

Though Yugoslavia's and Serbia's leaders have warned that they would use "all means necessary" to protect the beleaguered Serbs, they have also clearly indicated that the Yugoslav Army will not enter the conflict unless the

United Nations fails to restore peace.
The Yugoslav Army, which is now practically

Croatia in September 1991 by sending Imge columns of tanks, artillery and soldiers from Serbia and Montenegro to attack Croatia's eastern panhandle and the Adriatie city of

The army's units have been on a heightened state of alert for days, but the high command has issued no public statements indicating that intervention is imminent.

In two carefully worded resolutions, the UN Security Council has called for Croatia to withdraw its forces unilaterally from areas taken in a new offensive and for the Serbs to return tanks and heavy artillery taken from storage areas supervised by UN peacekeeping troops. Despite the balanced resolutions, Serbian leaders have hailed the Security Council's deci-

sions as a major turnaround in Western policy toward the fighting in the former Yugoslavia.

Diplomats here said the Yugoslav and Serbiimage of being "victims" with a rash military response to the Croatian attacks at their present intensity level.

"The Serbs see the clear diplomatic advantage to leaving Tudiman hanging out there in defiance of the United Nations," the diplomat said, referring to Franjo Tudiman, the Croatian president. The question is how far Tudiman is going to push things, whether he is going to put in jeopardy the real security of the Serbian population inside the occupied areas."

But Western diplomats and UN officials have expressed concern that Serbs in control of almost a third of Croatia's territory, a land they now call the "Serbian Krajina Republic," may try to force Yugoslavs to send in the army by coaxing a broader Croatian attack with retalia-tory shelling of Croatian towns near still-peaceful parts of the front line.

DAM: Blasted by Serbs, Earthen Structure Is Leaking (Continued from page 1)

immediate danger. They said that no villages were being evacuated and sufficient warning would allow people to reach high ground if more trouble developed.

International officials were not so sanguine. "It's the nightmare we've been fearing since October," said a senior United Nations offi-

A parade of dump trucks was pouring a cascade of rocks, sand and earth onto a deep 13-meter gash in the dam's eastern end. where millions of liters of water were cascading down 65 meters. A buckled concrete facade was all that was left of a nearby regulating tower that controlled sinice gates.

Down below, a 48-megawatt power plant was knocked out of commission, still largely covered with mud. It had been partly submerged by the inundation that followed the explosions.

The tarmac road across the 400meter-long top of the dam buckled carthquake, and it ominously dropped about 3 meters in the cen-ter. Croatian officials stepping gin-gerly along marked paths to avoid possible mines worned that internal "crosion" from the impact of explosions deep inside the dam's clay core could eventually cause it

to give way. General Ante Roso, commander ocked campaigns for of the Croatian special forces that retook the dam Thursday, estimated that the Serbs had used 35 to 37

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VIENNA

tons of explosives at seven sites inside the dam. He said the gaping bole was caused by three charges totaling five tons.

To relieve the pressure against the back of the dam, engineers were trying to lower the level of the reservoir. They said they had opened diversionary outlets for the water around the western end. A stream of muddy water could be seen plunging down the mountainside to join the swollen river below. But they admitted that the dam was virtually demolished and

would have to be rebuilt. Croats Block Relief

News agencies reported these reoments in the Balkans conflict Friday:

 Sylvana Foa, spokeswoman for the UN High Comm Refugees, said in Geneva that Croatian fighters had blocked relief convoys throughout central Bos-

(Continued from page 1)

among the dead, including two Frenchmen, two

Hundreds of foreigners sought refuge in em-

bassy compounds. In Paris, officials said 10 French paratroop-

ers entered Zaire from neighboring Congo to secure the embassy building in Kinshasa, where

several hundred French nationals were taking

the French residence in Kinshasa," a Foreign

Ministry spokeswoman said. "It seemed desir-

able to ensure their security with the presence of 10 troops who arrived this evening from

A contingent of French Marines also arrived

in Kinshasa and were prepared to evacuate

Mr. Class said the Belgian government had decided to evacuate its nationals to Congo.

About 3,000 Belgians live in Zaire, a former

Belgian colony.

"The situation is deteriorating at such a pace that one has to expect increased demands from

(Continued from page 1)

political compromise look slim. That conclusion is based in large

part on growing evidence that Jo-nas Savimbi, the rebel leader, is

convinced that he can win on the

"Savimbi wants the whole pie," a

Western diplomat said, "and in his

position, with most of the country

effectively under his control, why

During most of this country's 16-

year civil war, the rebel group, the National Union for the Total inde-

pendence of Angola, or UNITA, never managed to hold any major

city. But it has recently seized near-

ly two-thirds of Angola's territory

and now effectively controls 105 of

Angola's 164 municipalities, the United Nations estimates.

Last week the rebels recaptured

Huambo, their political and ethnic

stronghold in the central highlands.

DEATH NOTICE

Mrs. Rosamee Henrion, Marquis

and Marquise de Brantes, Mr. and

Mrs. Valery Giscard d'Estaing. Comte and Comtesse Guy de

Brantes, Mother Superior Fran-

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service will be held in Paris in Saint-

Philippe-du-Roule church on Mon-

day. Feb. 1 at 1 t a.m.

the death of

should he compromise?"

battlefield.

French nationals.

"For the moment, 400 French people are at

nese, two Belgians and an Italian.

nia. Sarajevo can only get aid from Belgrade through Serb-held areas and from an international airlift,

 At the peace talks in Geneva, Mate Boban, the Bosnian Croat leader, said he expected all three of Bosnia's warring factions to accept an international peace plan at talks Saturday. Lord Owen, the European Community mediator, said he was confident all three sides would soon accept the peace plan, even if he and the UN mediator, Cyrus R. Vance, would have to go to the United Nations to push it through. • The Bosnian government

asked for a UN Security Council meeting to deal with what it called gross manifestations of renewed Serbian and Montenegrin aggression." Bosnia's UN representative. Mohammed Sacirbey, cited recent examples of alleged aggression, including the heaviest bombardment of the capital, Sarajevo, in four



months. The shelling, which began Wednesday, continued Friday in the old city and near Kesovo hospi-

(AP, Reuters, AFP)

Communications Panel For Unesco Clams Up

By Barry James International Herold Tribune

he sends in UN peacekeepers

PARIS — Twenty intellectuals summoned by the United Nations Educational, Scientific and Cultural Organization to discuss such matters as the "communication question" and the the "diffusion of knowledge through modern techniques" ended a two-day meeting Friday by declining to say what they had discussed.

The eminent thinkers refused to

say even what had been the agenda at the \$200,000 Forum for Reflection. At a news conference, they

said only that their discussions had been enjoyable and fruitful, and that they had spent much of the time getting to know one another.

The Nobel prize-winning novelist Gabriel Garcia Márquez and other members declined to say any-Journalists who had come to

hear the author of "One Hundred Years of Solitude" were told that they had to put all questions through the Australian delegate, Elizabeth Evatt, the author of "Child Support Assessment Scheme - a User's Guide." She and two other members, Rei-

mut Jochimsen, a board member of the Bundesbank, and Jose Israe Vargas, the Brazilian science and technology minister, were appoint-ed spokesmen for the group.

Not that it needed any. The three stonewalled all queries, saying that they had made a collective decision not to say anything about their de-liberations. Mr. Jochimsen acknowledged that the panel was "in a twist" about calling a news conference without having anything to

Unesco's executive board set up the 21-member body to discuss the future direction of the cashstrapped organization, which the United States abandoned in 1984, followed by Britain and Singapore, thereby losing a third of its income.

One member of the forum, Va-clay Hayel, failed to attend because he had just been elected president of the Czech Republic. Another,

the author Umberto Eco, was not present at the news conference because he also belongs to a compet-ing think tank, the Universal Academy of Cultures headed by the Nobel peace laureate Elie Wiesel. The academy was inaugurated on Friday by President François Mit-

Before the collective vote of silence, Mohammed Bedjaoui of the International Court of Justice said that the panel would examine the "increase of political, religious and ethnic tension throughout the world.

Unesco officials said that one of the reasons the group was unable to say anything was that it could not provide any answer to thorny questions about national and cultural identity. They privately described the news conference as an embarrassment for Unesco's directorgeneral, Federico Mayor Zaragoza, who has sought to give the organization an image of greater dynamism and purpose.

Mr. Mayor later said he wished the forum had been a bit more forthcoming "For example, the problem of mass migrations — I know they talked about this a lot, this interests me a lot," he said.

The United Nations Educational, Scientific and Cultural Organization's forum is scheduled to hold a second meeting later this year in Colombia. The spokesmen promised that they will say nothing at all about that one, either.

Republicans Elect Leader United Press International

ST. LOUIS — Republican state chairmen elected Haley Barbour on Friday as their national committee chairman, replacing Rich Bond. Mr. Barbour, a national committeeman from Mississippi, won 90 of the possible 165 votes cast

Regarding the deported Palestinians, Mr. Butros Ghali has called for the UN Security Council to take whatever measures are necessary" to force Israel to readmit the deportees, saying such a move is necessary to assert UN authority and avoid charges that the council follows a double standard. Although American officials have also urged Israe

UN Chief Fraying U.S. Nerves

It's Not Arab League, American Officials Say

By John M. Goshko

Washington Post Service
WASHINGTON — U.S. annoyance with Butros

Butros Ghali is growing after a series of disagreements that has led some American officials to conclude that

he acts more like the head of the Arab League than the

In the latest incident, the Clinton administration is

objecting strongly to Mr. Butros Ghah's plan to re-

The dispute over the management post involves

place Dick Thornburgh, the undersecretary for man-

frontation with Israel over its deportation of more

Secretary of State Warren M. Christopher plans to go to the United Nations on Monday for the official

The secretary-general initially enjoyed good rapport with the United States because of his promise to pursue reform of the world body and his support of tough measures toward Iraq and, to a lesser extent,

warring parties in the Balkans. More recently, howev-

er. American officials have made no secret of their

belief that Mr. Butros Ghali's ties to African and other

Third World blocs with strong patronage interests at the United Nations were weakening his zeal for

Regarding Somalia, American officials hold Mr. Butros Ghali responsible for stalling the withdrawal of

U.S. troops. They describe the UN leader as reinctant

to assume the political and financial demands of

taking over the peacekeeping operation there and regard as unrealistic his desire to have U.S. forces

disarm and pacify the fending Somali factions before

Robert B. Oakley, the special U.S. envoy in Soma-lia, has accessed the United Nations of "dragging its

feet" on the transfer of responsibilities.

Mr. Butros Ghali dismissed Mr. Oakley's com-

plaint, saying "Washington knows better than their man in Mogadishu" and repeating that it will be at

least four to six months before the United Nations can

secretary-general of the United Nations.

agement, with a non-American.

than 400 Palestinians to Lebanon

Butros Ghali.

to reverse the expulsions, they say Mr. Butros Chail is forcing the issue before the Security Council in a confrontational manner that works against U.S. efforts to find a compromise, and that could undermine Mideast peace efforts, particularly if the United States is compelled to veto a resolution sanctioning Israel. "He is acting in this case like he is secretary-general

U.S. determination to prevent a drive for UN reform from being sidetracked. It is also the latest in a series of the Arab League rather than secretary-general of the United Nations," one senior American official of disagreements between the United States and the Egyptian diplomat who was named to the top UN job said. "His whole approach seems geared more to enabling the Arabs to score points in the battle for world opinion than to solving the problem." The officials said the new administration felt forced

In recent weeks, American officials have accused Mr. Butros Ghali with stalling a UN takeover of peacekeeping duties in Somalia from U.S. troops and to confront Mr. Butros Ghali when it became known unnecessarily making worse pressures for a UN conthis week that he might try to replace Mr. Thomburgh with a non-American. Mr. Thomburgh, former attorney general in the Bush administration who took the ement post a year ago, plans to leave the United purpose of introducing the new U.S. delegate, Madeleine K. Albright, and underscoring U.S. support for the world body. But American officials said he also intended to discuss the U.S. complaints with Mr. Nations on March I. American officials have been told that Mr. Butros

Ghali intended to replace him with Karin Flise Holmsrunn Sham Poo, a Norwegian who has been a senior official of Unicef since 1985. UN sources said senor ornical of Ornea sine year and she was regarded as an outstanding administrator, but several acknowledged that she lacked the stature and the backing to combat those forces opposed to carbing waste, fraud and abuse in UN agencies.

There has always been a tacit understanding that each of the five permanent Security Council members—the United States, Britain, France, Russia and Chine — would control one of the undersecretary posts. Some UN sources said Mr. Butros Ghali's choice of Mrs. Sham Poo apparently was dictated by his sympathy with Third World calls to break up the big-power monopoly and his interest in placing more women in senior jobs.

But the United States had staked out the manage ment job last year specifically to push reform, and American officials have advised Mr. Butros Ghall of their displeasure with his plan. "We let him know that if he wants a fight about this, we're willing to give him one," a senior American official said.

Mr. Christopher is expected to tell Mr. Butros Ghali that if the United States loses the management portlo-lio, there is likely to be a severe backlash in Congress against any effort by the administration to pay the substantial back dues and to obtain full funding of

Tokyo Quashes Talk of Wider Military Role

TOKYO -- Prime Minister... Kiichi Miyazawa ordered his cabinet on Friday to stop official public discussion of revising Japan's pacifist constitution as a way to widen the military's international role. Foreign Minister Michio

Watanabe and some other semor members of the governing Liberal Democratic Party have challenged the effective taboo on amending the 1947 constitution, which bans military action overseas. The party set off national

debate recently by announcing. it would set up a parliamentational revisions. These would allow Japanese peacekeeping troops, which have been sent to United Nations-sanctioned operations, to operate also in War zones. Mr. Miyazawa, acting with

unusual resolve Friday, muzzled unruly ministers by instructing them not to take a pro-revisionist stance. "The constitution is based

on the concepts of pacifism and respect for basic human rights," he said in a document read to the ministers at the end of a meeting. "These concepts must be upheld."
He added, "The cabinet has

no plans to offer political dis-cussions on amending the constitution."

Mr. Miyazawa said later that minister were free to speak individually but not as government representatives.

DEEDS:

(Continued from page 1) is coupled with the fear that, as with real estate in China, there is not much around.

In fact there is plenty, according to American Acres Inc., which sells the product in the United States. The company, which says it has purchased an acre in each of the states, divided its holdings into 6,272,640 shares, one for such

square inch.

About 250,000 deeds have been sold around the world, with Chins

the concept of buying novelites a few business executives are thinking about the deeds as a collector's

offers what to most people would be a remote possibility: the chance to clinch a visa. Unfortunately, the U.S. Embassy and consular offi-

cials deny that a deed will help Obtain a visa. The fine print is in English, and many buyers ignore it.

the Haiwang Group, a company based in Shenzhen. Haiwang claims it plans to arrange for new property owners to visit the United States to "inspect" their land, a marketing strategy that seems to have contributed to the confusion. OVET VISUS.

cation. They cannot be contacted.

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ZAIRE: Soldiers Rampage in Kinshasha Amid Breakdown of Authority Belgians to leave the country," Mr. Claes said claimed its sovereignty on April 16, adopted a the French cavoy, at least seven foreigners were

in Brussels.
The estimated 800 U.S. nationals in Zaire, including about 220 in Kinshasa, apparently were all safe and unhurt, the State Department spokesman, Richard A. Boucher, said in Wash-

Kinshasa's international airport was closed, airline sources said. Rioting soldiers on Thursday killed the

French ambassador, Philippe Bernard, in what

the French government described as a machinegun attack on the embassy. Earlier reports said that the ambassador had been killed by a stray Torn between Marshal Mobutu who, backed by part of his army, refuses to cede power, and

an opposition transitional government unable to seize full control, Zaire finds itself isolated on the international scene. The United States and the European Com-

munity have suspended all aid to protest Marshal Mobutu's refusal to accept democracy, while the population — both civilian and military — lives in extreme poverty.

The transitional government, which pro-

ANGOLA: Savimbi Has Edge as Peace Pact Unravels CLINTON:

tary-general, Butros Butros Ghali. less in numbers perhaps than in

the warring parties to make peace. hardened by years of bush warfare He said the council should with-draw the 550-member UN force in fiercely loyal to Savimbi," a West-

If the peace talks in Ethiopia telligence officials say, but much of should fail and the United Nations the force is underpaid, battered

The escalating violence is espe- Luanda. The mood among the peo-

cially striking given Angola's noto-ple is grim, particularly since they

riously brutal recent history. Na- have spent most of the past week

tionalist groups demanding with little or no running water as a

freedom first fought a protracted result of guerrilla attacks on the

war against their Portuguese rulers main water plant outside the city.

other on the eve of independence in has been made all the more diffi-

Angola then turned into a Cold repeated attacks against its moni-

War battlefield, with the leftist Lu-anda government receiving support million worth of UN equipment

from the Soviet Union and Cuba has been confiscated, including

and the rebels taking sid and their more than 80 vehicles. Most of it is true from the United States and now believed to be in the hands of South Africa. More than 500,000 UNITA.

experience and tenscity.

UNITA's elite troops have been

The government also has about

30,000 trained fighters, Western in-telligence officials say, but much of

The cost of the intensifying war

fare is especially conspicuous in

The role of the United Nations

cult by what officials say have been

cluding Texaco and Chevron, oper- the 1991 cease-fire.

Angola, leaving about 60 observers, era diplomat said.

end its operations here, political and demoralized, analysts say, the violence could spi-

anda, on Angola's oil-producing northern Atlantic coast.

ate out of Soyo or Kabenda, a

mended that the Security

Council set an April 30 deadline for

and should concentrate these in

in the 1960s, and then fought each

la's export earnings.

Lnanda

ral out of control.

November 1985.

new constitution on Nov. 14 that aims to bring democracy to the country. But Marshal Mobutu has been adament that he will continue to rule under the current basic law. The United States, France and Belgium have

publicly called for Marshal Mobutu to hand over power to the transitional government, which is led by his rival, Etierne Tshisekedi. Marshal Mobutu, who has ruled the country for 27 years, has refused. Despite huge mineral wealth, Zaire, with a population of 38 million, is one of the world's

poorest countries, with a gross national product of \$200 per person in 1990 and an \$11 billion In Washington on Friday, the Clinton ad-ministration urged Marshal Mobutu to stop

interfering with a peaceful transition to democ-The situation that has developed results from Mobuto's failure to cooperate and give

authority to the transition government," said Richard A. Boucher, a State Department (AP, Reuters, AFP)

(Continued from page I)

and gained control of Soyo, 300 Angolans died in a generation of A Compromise bloodshed.

Angolans died in a generation of A Compromise bloodshed.

The United States and the Soviet (Continued from page 1) Union played a major role in en-House said an appeal was unlikely.

Military officials described the Five foreign oil companies, in- couraging the two sides to agree to action as the most profound social change in the military since the Although both sides have lost northern Angolan enclave between their superpower pairons, they are Congo and Zaire. Oil from the two believed to have enough weapons armed forces were racially integrated, beginning in the late 1940s. Mr. areas produce about 550,000 bar- to keep fighting for at least six Clinton met earlier in the week with General Colin L. Powell and reis a day and 90 percent of Ango-months to a year, political analysts the rest of the Joint Chiefs of Staff The situation, already complex and uncertain, became more so ear-ly this week when the UN secre-

to hear their concerns. The president outlined numerous steps to be taken over the next several months as the ramifications of his policy are studied.

For his part, Senator Sam Nunn, Democrat of Georgia, the chairman of the Senate Armed Services Committee who was involved in egotistions with the president, pledged thorough bearings in Con-gress that will air the volatile issue of homosexuality in the military. Mr. Clinton said the court's rul-

ing strengthened his hand by both supporting the principle that he had endorsed and by making it possible to put the principle into practice. The ruling gave the president leverage to use in overcoming con-

gressional and military opposition

to his yow to lift the han Senate Democratic leaders met Thursday night with Mr. Clinton. and were meeting in the Oval Office when the court ruling was an-nounced. (AP, Reuters)

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F. 79

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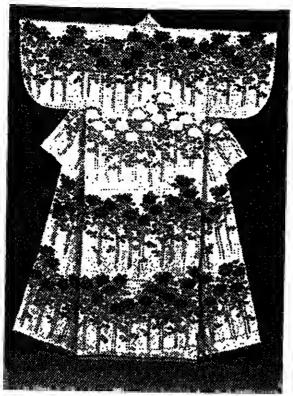
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Saturday-Sunday, January 30-31, 1993

Old Japan: Beauty in Silk Robes

New York Times Service OS ANGELES — Real life upstaged almost ev-erything happening in Hollywood on a recent morning when 100 kimono-clad women from Kyoto filed through the Japanese costume extravaganza at the Los Angeles County Museum of Art. They had come to see "When Art Became Fashion: Kosode in Edo-Period Japan," an exhibition of the forerunners of the modern kimono.

Hailed by Japanese and American experts as the largest exhibition of kasade ever presented, the show consists of 146 silk robes plus 60 paintings, textiles, screens and pattern hooks. A graphics feast throughout, the exhibition docu-ments the wealth of art styles on textiles from the 17th to 19th centuries. Landscapes, so often subdued in Japanese painting explode in brilliant colors on these robes.



Purple, white and red blooms on a yellow field.

Top Prices Prove Connoisseurs' Skills

مكذا من الاعل

T EW YORK -Two remarkable collections formed by East Coast up before World War I were sold recently at Christie's - one devoted to antique silver from the Unit-ed States, the other to English faience. Together they summed up the essence of American collecting at its most sophisticated: highly fo-cused, researched in-depth, carried out almost like military campaigns. Yet, the temperaments of the col-lectors involved differed greatly. The late James H. Halpin, who loved silver, was a solitary hunter. "Born a poor boy in Corning, New York," in 1902, as his daugh-ter, Harriet Halpin Delihas, wryly

SOUREN MELIKIAN

nntes in a preface, he became blind in one eye as a child. Through sheer willpower, he made it to Bowdoin College and, helped financially by a local judge, was able to study at Harvard Law School. He worked his way to the top of the har association of New York, eventually becoming chairman of the judiciary and executive committee.

His portrait in the sale catalogue suggests steely determination tempered by a touch of bitterness. "He was a patrician figure, but no snob. He was not always easy to live with or to keep up with," his

daughter goes on, summing up in two sentences the archetypal great collector, nn matter where and Halpin's triumphs in art resem-

hled the cases he won in court they were the outcome of relentless investigation by a man obsessed with precising. With the help of a vast reference

library, he would piece together episodes from the life stories nf figures of the American past and expand our understanding by identifying the initials on some of the objects he bought for that purpose. One of his porringers, struck with the mark of the goldsmith Ja-coh Hurd of Boston sometime be-

tween 1740 and 1758, carries three sets of initials that provide brief glimpses into the private lives of a famous family. On the flat horizontal handle, two majuscules, "DA." This is clearly the Halpin tankard. Sands oames each one of the "gang of villains," which included a Loyulist. But despite the "generous reward" that he promised in the noimpses into the private lives of a

Champlin [Mason] Perry, a niece of Susan Mason's. Perry is the Ameri-Elizabeth, with a treasured family

tion of his victory, 50 days later.

Last week the history-laden porringer as investigated by the lawyer-collector could be bought for

Kentucky, which dates them to about 1850. Halpin's feat was to recognize the initials "HM" as

im Brasher. The collector promptly identified the arms as those of Comfort Sands (1748-1834), a merchant who made a fortune in the West Indian trade. Sands was among the first to rebel against British authority. In

Halpin's great luck was to dis-

cover evidence of what has every

appearance of being an organized robbery mounted five years later

against Sands. A notice printed in The New York Packet and The American Advertiser of April 5,

1781, announces the theft of "one

silver tankard, 3 pints in shape of a

cann, with a coat of arms on the

1765 the merchant burned 10 bales of stamped paper seized from an English brig. Her Majesty's government was unforgiving; in 1776 British troops entered New York and, shortly after, humed down his house in New Rochelle.

got a detail wrong. He probably misread the monogram incised on a silver teapot made by Samuel Johnson of New York around 1765 in a thoroughly English style. Rather than, "AVP," it looks like "HVP," the reading retained in the Chris-tie's eatalogue. Nevertbeless, "HVP" fits the name discovered by Halpin in some archive, Anna Van Pelt of New York. All that is needed is to recognize the Datch spelling of the name, which takes an them a Lambeth delftware candle ochre. A pair of scalloped plates initial "H." Connoisseurs fought over it to the time of \$46,200—far above the price of an English piece of the price of an English piece of the piece cost them the chorleys a modest \$92.70.

and sheer rarity proved irresistible. All but three of the 127 lots found buyers for a total far above the high estimates. Connoisseurship, rather than the lare of history per se, seems to have been the true factor behind its success. For on Monday, when it came to the 18th-century pottery from England gathered by Jean and Kenneth Chorley, the

could be called collector socialites. On the face of it, they were the most unlikely candidates to such a pursuit as art study.

Military Academy), worked for railway companies and became as-

who asked him to oversee the resto-

February Sales

who took part in the California tertainment type. The pair met in gold rush in 1849. At the sale on Mianni where she was singing in a and the current yearning for preciding 1921, the glitter of gold and the glamor of a wild past sent them climbing to \$19,800.

Tastes have changed. Engast delftware now rides a high creat met in and the current yearning for preciding in 1941 when they were alternating to \$19,800.

Tastes have changed. Engast delftware now rides a high creat met in and the current yearning for preciding in 1941 when they were alternating to \$19,800.

house they bought in New Jersey. But their collection of faience took off in 1959, after they accom-English delftware and Whieldon

If Halpin typified the single-minded object hunter, the Chorleys

ENNETH Chorley graduated from Man-lius Military school (then called St. John's

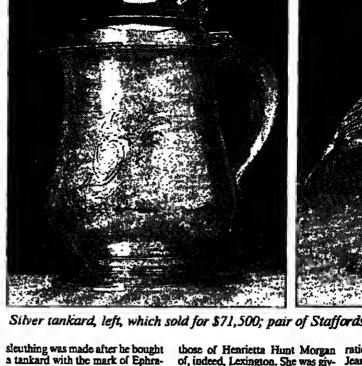
those of Henrietta Hunt Morgan ration of Colonial Williamsburg.
of, indeed, Lexington. She was given the gold for making these spoons by her son, Calvin, a miner shows a singer of the lighter en-Tastes have changed. English

Frances Dickson sale, held at Soth-Jeanne Sloane, Christie's expert of the 12 years before getting on American silver, wrote the catable logue, relying extensively on the lawyer's discoveries.

The collector-historian's intuition rarely failed him even when he at a detail wrone. He wrough the property of the state of the sta The Chorleys' true achievement

panied Juhn Graham, curator of collections at Williamsburg, on a buying trip to England. Collectors they knew socially, such as Katharine Murpby, who initiated them to seemed enormous. On Monday, the pottery were a major influence. The birds caused the same surprise ef-Chorleys bought mainly through feet — in the tune of \$143,000. Art lovers, however, have as much ad-On Dec. 10, 1963, at Sotheby's miratinn for their exquisite plates

London, Robert Allbrook got for in motley green, ambergine and



Silver tankard, left, which sold for \$71,500; pair of Staffordshire creamware birds, circa 1755, fetched \$143,000.

The Eyes of the Camera In Photography, a Spooky Fascination

By Vicki Goldberg New York Times Service

and omnivorous that books and shows can be - and are - concocted around just about any subject in the real world that someone takes a fancy to: dogs, cats, horses, pigs, flowers, cars, trains, hands, feet, bahies, crowds, diners, baseball fields.

Now the Laurence Miller Galtery in SoHo, in association with One Bood/Michael Senft, presents eyes, just eyes, in a show called "Eye for 1." This small show of 22 pictures (through Feb. 12) is actually the gallery's second feature. The froot room bas work by Toshio Shibata, a Japanese landscape photographer with a cool, refined sense of formality, most recently on view in the "New Photography 8" exhibition at the Museum of Modern

Landscape is a plausible and long-established pretext for a show, but eyes? In fact, photographers have paid a great attention to eyes. and highlighting that interes amounts to a perfectly respectable, even a piquant thing to do. although this little collection cannot Detail of "Difficult Seatquite keep up to the charm of its ing" by Gary Brottmeyer. own better moments.

much less useful, pair on a platter. Hagiographers relate that in early Christian times a nobleman was so bewitched by the beauty of her eyes that be proposed marriage. She tore the offending features out and sent them to him on a dish, saying eyes, did produce one Surrealist salnte almost anythe "Now let me live for God." Later ikon with a displaced eye: "Object bles a pair of eyes.

saint of eye afflictinns.

At Laurence Miller, Manuel Al-EW YORK — Photog- varez Bravo siyiy school oaked saint's legend. A woman's oaked torso confroots the viewer, the sun-tanned outline of her hra elearly visible, and she holds a tray on which two round glass eyes look up to ogle her round breasts. "Eye for I" unearths a photo-

graph by M. F. Agha that takes this



Discribedied eyes have a long confusion squarely into the realm enough history in art. An extra pair of fetishism: an upturned foot of them identifies Saint Lucy, who has two practical visual organs in the usual place but carries an extra, the ankie, and a tweed shawl.

It was the Surrealists who had eyes, did produce one Surrealist salnte almost anything that resem-

martyred, Lucy became the patron for Destruction," a metronome with a photograph of an eye on the end of its swinging arm.

Surrealist artists and photographers depicting unmoored eyes may have been alluding to the eye of the mind, tn the unconscious, tn visinnary insight. But there is al-ways the possibility, obvious as it may sound, that photographers who pursued this path, and perhaps the painters too, were referring in vision itself. Looking and staring are emblematic of artists and pho-tographers, and eyes do stand for what they do.

Pragmatic merchants long agn made the single or paired eye into signs for opocians, and many pho-tographers have delighted in that optical reference.

Photographers may even be planting visual similies.

In "Eye for I." Jerry Uelsmann inserts an enormous eye into a urinal and calls the image "Philistine's Eye." Lee Friedlander marks the rise of television and the faint anxi-

The eyes have been thought in berray the heart, the soul and the psyche: eyes depicted as they somebow should not be automatically evoke a sense of mystery and unease. Language has plenty of metaphors about eyes — glad eyes, evil eyes, pig's eyes, private eyes, cock-eyes — but photography has more. Even if most of the works on view the deepest fascination with eyes are less compelling than Cornell unattached to their common sup- and Levitt made it a habit to be, ports. Man Ray, represented at this curious little group of eye wit-Laurence Miller by a photograph nesses is proof enough that the that has precious little to do with camera will snap to attentinn and

ART EXHIBITIONS

PARIS

tice, Sands never got his tankard NCE the key is found it back. all looks easy. DA After buying the tankard and stands for Daniel Ayr-ault (1676-1764), a mer-out that it had surfaced early in this rise of television and the faint anxicty that Big Brother could be
watching you in your individually
wired retreat by photographing a
motel room where a single large eye

that from Newport. Rhode Iscentury in New Brunswick — Loyland: The monogram SM fits alist-controlled territory where the
watching you in your individually
wired retreat by photographing a
motel room where a single large eye

beyond reasonable doubt, the comchart from Newport. Rhode Iscentury in New Brunswick — Loyland: The monogram SM fits alist-controlled territory where the
thief presumably took it in 1781.

Halpin's detective work touched a
beyond reasonable doubt, the comchart from Newport.

Continy in New Brunswick — Loyland: The monogram SM fits alist-controlled territory where the
thief presumably took it in 1781. bined initials OHECP are to be attending the sale. They ran up the understood as those of Oliver Haz- price of the tankard, which looks ard [Perry] and his wife. Elizabeth remarkably English excepting the openwork thumbrest, to \$71,500. Anthony Phillips, head of Chris-

can commander who defeated the tie's silver department says that an British fleet in the Battle of Lake
Erie on Sept. 10, 1813. Apparently,
Susan Mason presented her niece,

If acts of heroism and the search for freedom riveted the lawyer, so heirloom — the portinger — to offer it to her husband as a celebradid personal endeavor. He bought the only surviving set of 12 gold

of identical shape. Halpin's slenthing achievements

score was improved by a fractioo — every single piece sold.

sociated with John D. Rockefeller,



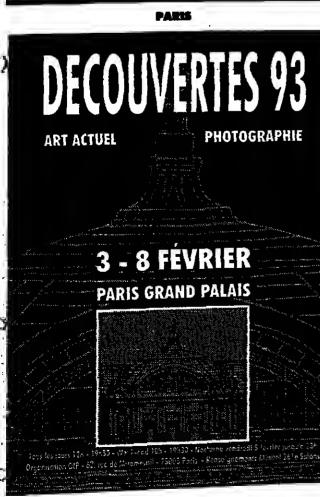
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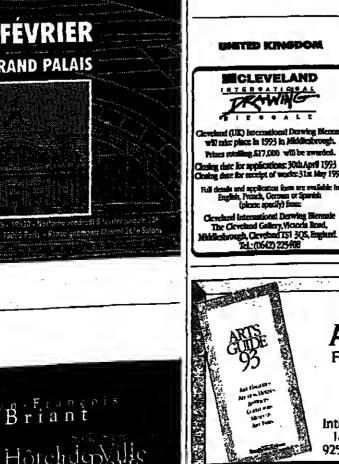
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Herald Cribune.

Out of No-Man's-Land

sion last month of more than 400 Palestinians was a blunder for which Israel now pays dearly. Successive American presidents have held that the expulsion of any Palestinians from fsraeli-occupied territories violates a 1949 Geneva convention. But it would compound the blunder and jeopardize Middle East peace talks for Arab states to press for UN sanctions before President Clinton's team bas even settled in.

Forcing a UN Security Council vote on sanctions would put a well-disposed but untried administration instantly in the briar patch. Successive presidents have also promised to protect a beleaguered Israel from punitive sanctions, if necessary by exercising the veto on the Security Council.

However vexed by Mr. Rabin, Washington would be right to cast that veto if the president and Secretary of State Warren

to seek a way out. Hopes that Israel's Supreme Court might save the day proved vain. The court ruled Thursday that the expulsions were legal, though it extended the right of appeal to

Christopher are denied a reasonable chance

each expelled person. As expected, that gesture was rebuffed by the Palestinians, who are now huddling in tents in a freezing no-man's-land in Lebanon. That perfectly suits the banished Islamic militants, since their plight has effectively stalled the peace talks they vigorously

Washington early next month. A face-saving exit is possible. The Clinton administration has already slowed the rush to a Security Council vote. That buys time for an appeal to Mr. Rabin to shorten the two-year expulsion orders to months or even weeks, and to provide for case-by-case hearings of all accused of terrorist acts. Whatever the domestic political costs for Mr. Rabin, magnanimity would better serve Israel's wider interests.

Israel's defenders justly argue that the world takes too little note of the terrorist crimes committed by Islamic extremists, and of their fanatic determination to block any compromise settlement between Israelis and Arabs. But the expulsion diverts attention from Israel's complaint. It makes sense for Mr. Rabin to limit the damage by amending the expulsion order.

Should Mr. Rabin take this course, and should the Security Council nevertheless vote to impose sanctions, then Mr. Clinton would be justified in casting the first U.S. veto in more than two years. Whatever Israel's offenses, it mocks reality for Arabs to imply that the expulsion is equivalent to Saddam Hussein's crimes against Kuwait

or Libya's complicity in state terrorism.

By all means hold Israel to the letter of Geneva conventions. But do not exaggerate the scale and nature of the infraction. - THE NEW YORK TIMES.

Put the Shovels Away

What? One week and it's over?

To hear some of the ominous commentary, you would think the White House roof had caved in. Poor President Clinton; what promise he had. Soon, we expect learned discussions about whether there is a constitutional provision to deal with an administration pronounced dead and beyond the reach of the Heimlich maneuver in its first week, and what kind of president Al Gore will make if he is forced to take over because of the current tragic circumstances.

What is going on here? Of course, Mr. Clinton has his share of problems and plenty of problems of his own making. He has had to rewrite his economic plan because the numbers he used during his campaign did nnt add up. The Zoë Baird nomination was insufficiently checked out; her conduct concerning the Peruvian employees was not taken as seriously as it should have been; the whole thing thus misfired. The president has a big battle on his hands over ending the ban on gays in the military — partly, because he did nnt properly cover his bases in Congress, though it always was destined for a fight. And - is anyone really surprised by this? - it turns out to be quite

complicated to produce a health care plan

that will work and can pass Congress.

Mr. Clinton no doubt wishes that he had done some things differently; a lot of us wish he had done some things differently. And the president probably would rather not be tested so hard on this combination of issues so early. But this situation is not exclusively the result of wobbles or blunders. No little part of his troubles stem from worthier sources. For one thing, he has taken nn some causes that are not exactly painless, including gay rights and the quest for a consensus that might lead to both more energetic government and a budget at once more honest and closer to balance. Is it such a bad idea for him to take his lumps on these issues earlier rather than later?

But we come neither to praise Mr. Clinton nor to bury him, simply to remind you what time it is, and by that we do not mean, as Al Gore so relentlessly had it, that "ft's time for them to go." We mean; It is Week Twn of the Clinton presidency, not Year Four or even Year Two, for that matter. Surely it is not over, even by Washington standards, till at least, say, Week Twelve.

-THE WASHINGTON POST.

To Cut Social Security

The Clinton administration has given fair warning that in cutting the deficit it is likely to try to cut the cost of Social Security. So far there have been none of the thunderbolts that such a proposal is supposed to induce. The fear among politicians that they touch this issue at their more than grandparents wants to reduce the future burdens on today's grandchildren? In fact, there is no easy or equitable way to move the deficit out of the danger zone without including Social Security.

Not only does the giant benefit program constitute one-fifth of all government spending, it serves as a model or an example. Cut its cost, and you open the way to making similar cuts in other major programs; exempt it, and other constituencies can demand exemption as well. The questinn nn the merits is nnt whether this cost should be reduced, but bow.

The latest hints have the administration thinking of somehow cutting the annual cost-of-living adjustment, or COLA, whereby benefits are kept abreast of inflation. The advantage of this is that it is simple, or can be - either suspend the indexation for a period or hold it a percentage point or so below the Iuli inflation rate. It can easily be extended to other programs whose benefits are also indexed. The disadvantage is that without full indexation many of the elderly would quickly drop below the poverty line, reversing one of the great social accomplishments of the last 30 years.

There is also a good alternative to cutting the COLA — subjecting a larger share of Social Security benefits to the income tax. This could end up saving the same amount of money or even more, but the burden would fall on the better-off; the poor do not pay income taxes.

indexation of any programs. Indexation locks the government in; it has the effect of amplifying and locking in inflation as well. But without it, there is a great danger that vital benefits can be allowed to slip. The best current example is welfare benefits, which in recent years have lost one-third of their purchasing power. And there is also the opposite danger, which is that, without indexation, some costs may increase more than inflation: it is worth remembering that Social Security benefits were indexed in 1972 not as an act of generosity hut as a discipline on a Congress that could not say no. It is worth remembering as well that important parts of the income tax are now indexed too. The indexation of brackets and other provisions has the

effect of holding taxes down.

If there is going to be a brief departure from the principle of indexation, it ought to apply to the income tax as well. One year's suspension of most of these provisions would add about \$50 billion to revenues over the next five years combined. That is about the same as a year's suspension of Social Security indexation would save, but with much better distributional results.

- THE WASHINGTON POST.

Other Comment

Let the 400 Return

Israel's Supreme Court dealt the govern-ment of Prime Minister Yitzhak Rabin a cruel blow in affirming its right to deport more than 400 Palestinians, 396 of whom languish in no-man's-land on the Lebanese border. The deportation has brought Israel international opprobrium. It has displayed Israel as outsmarted by Syria's dictator, Hafez Assad, who ensured that the men could not enter Lebanon. It has probably strengthened rather than weakened Hamas, the fundamentalist extremist group.

There is a good deal of hypocrisy in the outrage against Israel on this matter. Arab states repress Hamas, too. Nonetheless, dumping people without food, medicine or shelter at a barren borderland is inhumane. Not as inhumane as executing, torturing or imprisoning them, which some Arab governments are wont to do with dissidents, but well beneath standards of decency.

The deportees were not tried. Any evidence against them was not made public. Israel says it has broken a dangerous illicit organization that includes a terrorist arm, but the outside world has only Israel's word.

Israel ought to comply with the UN Security Council resolution of Dec. 18 demanding the repatriation of these man, and knows it. The Clinton administration must influence Israel to comply with Security Council resolutions. It must also try to avoid, without veto, any UN sanctions against Israel for failure to comply.

What Israel, Saudi Arabia, Egypt, the PLO and others with a stake in a Middle East settlement must accept is that they are the losers if this incident becomes the reason that peace negotiations break down. - The Baltimore Sun.

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OPINION

Is Clinton On a Slippery **Slope Toward** Carterdom?

By Leslie H. Gelb

N EW YORK — Bill Clinton may not know it, and certainly will not like to hear it, but much of what he has said about foreign policy echoes Jimmy Carter's campaign themes and policies. This coincidence men's the new president's attention — for voters booted Mr. Carter after four

years, in good part because of his troubles abroad.

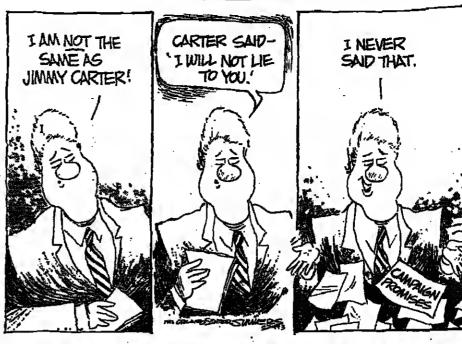
The rhetorical similarities are startling. Both
Democrats courted the hiberal vote by stressing a new agenda in world affairs: promoting human rights and democracy, curbing the spread of nuclear and conventional arms, emphasizing centrality of international economics, promising cuts in military spending, and so on.

Both appealed to conservatives by preaching toughness: The Georgia governor slammed Henry Kissinger for being too soft on Moscow about human rights and strategic arms; the Arkansas governor repeatedly suggested that he would be even harder on foreign outlaws than George Bush.

The big difference, of course, is that President Clinton does not have to worry about the Cold War. Mr. Carter stumbled badly in trying to downplay the Soviet-American rivalry at the very peak of its crescendo. He failed mainly because of confusion and weakness in his Soviet policy. He faltered elsewhere not because his ideas were wrong, but because he never packaged them strategically and coherently. He also flopped because he

ever understood the politics of foreign policy.

Mr. Carter's most evident flops — doing little to deter crises in Iran and Afghanistan — were no worse than those of his Republican successors. Ronald Reagan sent the marines to Beirut to protect U.S. "vital interests," only to withdraw them without explanation after 241 troops were killed in a termest attack. terrorist attack. Against common sense and his stated policy, he traded arms for hostages with Iran.



And George Bush coddled Saddam Hussein,

flattering him and giving him grain credits right up to the moment the Iraqi invaded Kuwait. Meanwhile, Mr. Carter's successes were about as impressive as the Republicans' over the next 12 years. Mr. Reagan "conquered" Grenada and ush-ered in the Gorbachev revolution. Mr. Bush "vanquished" Panama, helped ease the death of communism and earned a genuine triumph building the Desert Storm coalition.

Mr. Carter pulled off the Panama Canal treaties full ties with China, a strategic arms accord with the Soviet Union and the invaluable Camp David peace treaty between Israel and Egypt. He also concluded a major free trade agreement and pushed human rights and democracy to the top of the U.S. policy agenda.

Yet these accomplishments never loomed as large as they should have. They seemed isolated

and ad hoc, unillurainated by a grand design. Nor did he prepare Americans or allies for failure by spotlighting dangers ahead or explaining how his strategy would accommodate setbacks. Unlike Mr. Reagan, Mr. Carter did not under-

stand the need to smother fiascos with bold new action. The day after the terrorist attack in Beirut, the Old Gipper invaded Grenada. Unlike Mr. Kissinger, Mr. Carter did unt know how to

ignore his failures and exaggerate his successes. Mr. Carter's farsighted new agenda for world politics lacked an anchoring overall strategy, and thus looked both radical and incoherent. He never laid out how he would press unsavory allies on human rights without undermining their regimes. He tried to halt the proliferation of arms without first laying the necessary groundwork. He failed to show how his innovative policies fit together and profoundly affected people's lives.

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Mr. Carter's disinclination to be tough and appear tough also proved self-destructive. The arbiters of "toughness" — principally Republicans, media stars and foreign leaders — quickly por-trayed him as weak. That reputation invited everyone's challenge. Worst of all, he rarely exacted a price from his detractors at home or abroad.

Like Mr. Carter's, Mr. Clinton's instincts seem to be conciliatory. But he insists that he appreciates the value of toughness. Many of his allies would not mind a demonstration volley against a political adversary.

Unlike Mr. Carter, Mr. Clinton always talks about something he calls "strategy." But it seems more like general themes followed by lists. A strategy explains why something needs to be

The New York Times.

A G-(More Than) 7 Should Satisfy These Outsiders

WASHINGTON — Bill Chin-ton's inaugural address deserves careful attention. It is a good speech, sketching out three or four significant themes that provide a road map to what may lie ahead, especially on economic issues.

One dominant note was the need President Clinton perceives to break with the past and take chances. He echoed Franklin Roosevelt's call for "bold, persistent experimentation." The most important basic message

was explicit acknowledgment that this is an interconnected, interdependent world in which America's internal problems cannot be separated from a global context. "There is no longer clear division between what is foreign and what is domestic. The world economy, the world environ-ment, the world AIDS crisis, the world arms race - they affect us all." Behind the scenes, the new White.

House economic council under Robert Rubin is trying to take practical steps to make the Clinton theme effective. High on Mr. Rubin's agenda is a rejuvenation of the Group of tion of the Soviet empire has become almost a total failure. The other participating countries

Britain, Canada, France, Germany, italy and Japan - are also des-

perately seeking ways to salvage the system by the time of this summer's connmic summit meeting in Tokyo. The problem is that the major countries, America included, have found their problems diverging instead of converging. Without the "glne" of a common enemy, the G-7 states have ignored global problems and concen-

trated on their home fronts. Still, the world faces monumental economic problems ranging from monetary crises and trade imbalances to serious deflationary forces that could trigger global depression and enormous political dilemmas as well. It seems obvious that any system of global coordination should not lightly be discarded, but expanded and improved if possible.

A complicating issue is how to sat-

isfy the desire of Germany and Japan Seven political-economic coordina-tion process, which since the dissolu-Nations Security Council, a change do about the G-7 process. Moreover,

By Hobart Rowen that Secretary of State Warren Christopher endorsed in principle on Monday, German and Japanese member-ship is bitterly opposed by Britain and France, and probably could not

win general endorsement in the Third World without the addition of India, Brazil and Nigeria. An interesting way out of this di-lemma is offered by a former UN

deputy high commissioner for refu-gees, W. R. Smyser, in the winter Washington Quarterly. Mr. Smyser, who served on the National Security Council under Henry Kissinger, suggests bypassing a Security Council expansion, but adding Russia and China to the G-7 summit roster, which of course includes Japan and Germany. A new G-9 would become "the body where the most important and serious global discussions take place."

In a conversation, Mr. Smyser conceded that this "would infuriate the Third World." But altering the exist-ing Security Council would take years, and would not address what to

there already is a de facto G-8: Russia has attended the last two G-7 summits and is certain to demand

(and get) an invitation to Tokyo.

Political developments in Beijing are hard to foretell, but clearly China has huge potential, will grow bigger and cannot be ignored when the other powers make global decisions. Mr. Smyser wisely would separate

the G-7 finance ministerial meetings from the G-9 process until Russia and China become more equal financial powers. Thus, the G-7 finance minis-ters' meetings would take on a life of their own. And the Group of Nine could evolve more toward noneconomic issues. Separated from the nitty-gritty of economics, a G-9 might revert more to the intimate "library group" concept of the first summit at Rambouillet, France, in 1975.

All countries are interested in more substantial economic growth. It is now or never to get the Bundesbank off its commitment to high interest rates. Where better for President Clinton to make good on his Rooseveltian pledge of experimentation than in this arena?

The Washington Post.

Not All the News From Central Europe Is Gloomy

By William Pfaff

SALZBURG — Not all is gloom in Central Europe, as a new year gloomily begins. Iwo hundred thousand people marched in Vienna last Saturday in a demonstration against xenophobia. Austria is not a country where political demonstrations are particularly the style, and the country has a reputation for conservative and

nationalistic views. If a demonstration of the same

proportions occurred in the United States, more than 7 million Ameri-cans would be marching. That would make even the Big Apple take notice. On the same weekend, in the commune of Graz, Austria's second city, the nationalist and xenophobic politi cal party headed by a young rightist, Jorg Haider, doubled its score in a local election. It went from 11.8 percent in 1988 to 20.3 percent. But this only brings Mr. Haider's party to the score attained in some local votes by France's rightist National Front Na

to the republican order in France. The issue in Austria, as in Germany and France, is immigration and refugees — foreigners inside the country, blamed for taking jobs the local people

one considers Jean-Marie Le Pen, the National Front leader, a serious threat

should have, or for living on social benefits or welfare payments the taxpayer finances. In Austria, on the doorstep of the war in former Yugo-slavia, there now are more than a halfmillion foreigners, some 7 percent of the population. The popular fear of foreign inundation has become more acute since the fall of communism. War in Yugoslavia, and the prospect of unrest on the country's Hungarian and Slovakian borders make Austri-

ans feel seriously threatened. The war in Croatia now has resumed, with Zagreb moving to reconquer the areas lost in 1991 in Serbian forces. The Croatian offensive is meant in make possible the return of Croatian refugees to their old homes. But if it succeeds, it will generate still more refugees, Serbs this time.

The Hungarian government has also contributed to unrest in the region by supporting autonomy for the Hungarian communities outside Hungary's frontiers, in Serbia, Romania and Slovakia. There are half as many ethnic Hungarians outside Hungary as inside, thanks to the political settlements made after the two world wars.

A demand for autonomy for Hungarian minorities in other countries is interpreted in those countries as prelude to an attempt by Hungary to annex them. The Hungarian rightist Istvan Csurka, known for his anti-Semitic statements, has said that Hungary requires new "living space."

There are two distinct problems here, but they interact in a fateful way. The first is the sensitivity of populations to foreign immigrants and refu-gees. This has been particularly important in the German countries because of the German assumption, promoted since the early 19th century but untrue, that the German nation unites a "race" and therefore cannot be a soci-

ety of immigration or assimilation. This idea exists primarily in Germany, but has influenced Austria, though the Austrian Hapsburg Empire was possibly the most multinational the world has seen. The most significant blow delivered to the nid empire came in 1915, when Hungarians, Poles, Czechs and Slovaks all were demanding national independence: All of Austria's German parties, ex-cept the Social Democrats, issued a

The related idea is that members of a given nation nr "race" have the right to regroup themselves. This, in prac-tice — as Serbia and Croatia are demonstrating — creates wars and flows of refugees. These refugees are unwanted in other countries and provoke popular reactions there of xenophobia. Austria's Jörg Haider on Monday

launched a drive to collect signatures of support for his proposal that the nation's constitution be amended to declare Austria a country of nonimmigration, with a limit on the number of foreign children permitted in a school class, among other measures. He has to obtain 100,000 signatures for parliament to debate the issue. Parliament is in the control of the democratic parties (183 deputies against 33 for Mr. Haider), so there is no chance such measures will be passed, but it is quite possible that Mr. Haider will get his 100,000 signatures. On the other hand, in Germany, the major parties have agreed to make it easier for nonmembers of the German "race" to become nationals, by rewrit-ing the exclusionary citizenship law of 1913. The proposal is to offer an uncomplicated naturalization to foreigners born in Germany, or to foreign residents with German educations. This comes after 80 years during which non-ethnic German children born in Germany of German-born parents were usually denied citizenship. The news, as I say, is not all bad. International Herald Tribune. C Los Angeles Times Syndicate.

The Issue Is Bigotry, Not Politics

By Anthony Lewis

BOSTON — Over the last half-century Americans have come to understand that a civilized society does not mistreat people because of what they are. It is unacceptable to. assault someone because he is a Jew. or deny him a joh because he is black. The question now is whether

Americans are ready to apply that civilized standard to homosexuals. Are they to be despised and rejected because of what they are — because of a status that nature gave them?

That is the question in the dispute over President Bill Clinton's plan to end discrimination against homosex-

uals in the armed services. It is the only question. All the rest of the noise around the issue — the talk about service morale and fighting effectiveness, the shrilling on talk shows — is demonstrable humbug, and bigotry. Colonel Margarethe Cammermeyer won the Bronze Star in Vietnam in the

army nursing corps. She served 27 years in uniform and was chief nurse in Washington State's National Guard when the Pentagon ordered her discharged last year. Why did it do so? Because she had stated on a form that. she was a lesbian.

Tracy Thome, 25, a navy lieutenant, was a navigator-bombardier, first in his flight training class, a member of a jet combat squadron.

Last year the navy grounded him.

Why! Because he had said on ABCs. Nightline" that he was gay.

Did the firing of Colonel Cammer-

meyer or Lieutenant Thorne make our armed forces more effective? To. the contrary, it removed two persons of proved effectiveness. And it did so at heavy cost. The taxpayers paid \$2 million to train Lieutenant Thorne, for example: money down the drain.
Then think of all the horror stories.

being told in the organized campaign of letters to Congress: Our men in the forces will not be safe from preying homosexuals, they will be embarrassed in the shower and so on. Did. Colonel Cammermeyer or Lieutenant Thome harass anyone, bother anyone? No. They did nothing except perform superbly for their country. They were punished not for what they did but for what they are.

Or think of the story told last fall

by Lucian K. Trascott 3d, a retired army officer (IHT, Nov. 27). He commanded an infantry rifle company in the Korean War, and one of the company's 150 men was thought to begay. He did one of the toughest jobs, carrying and firing a Browning anto-matic rifle, and he was killed. Others in the company, including some who had mocked him in life, cried as his body was carried off.

There have always been bomosexuals in the armed forces, and there always will be. Mr. Clinton's plans and the ruling Friday by a federal judge striking down the military's ban — do not change that reality. What they presumably will do is to stop officials from wasting time and money snooping out who may be gay and then discharging soldiers who have done a good job.

The waste of money is considerable. In the last 10 years the Pentagon estimates that it spent nearly \$500 million finding homosexuals, discharging them and replacing them. But the real cost is buman.

The Clinton plan does not condone improper sexual conduct. It just stops the witch-hunt for people who are gay.

If sexual conduct were the real concern of the critics, they would focus on the clear and present probiem. You do not have to be a genius, to know what that is: assaults onwomen in the armed forces.

Some of the critics are military men who are genuinely worried about change — just as the military fiercely resisted President Harry Truman's. 1948 order desegregating the forces. But in time the services did a superb job of fighting racial prejudice in their ranks: the best training program in the country. I think they will respond to clear leadership on this issue, too.

The organized opposition — highly organized — is political. It is coming from a content of the country.

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from conservative religious groups and others on the extreme right. The Reverend Louis Sheldon of the Tradi-tional Values Coalition boasts that his group shut down the telephone lines at the Capitol with its many calls, Oliver North is appealing for funds to stop the Clinton plan. Those who are truly religious might understand that God

made people as they are.

In Washington, all you can hear is political calculation. Mr. Clinton should have moved slower. He should have moved faster. That is Washington: manerver, not substance. Politics matters but it is not the issue tics matters, but it is not the issue here. The issue is bigotry. The New York Times.

Souls at Risk in a Dangerous Dance Now Mr. Rabin scrambles to persuade the deportees By A. M. Rosenthal

N EW YORK - Since the Arab states started their wars against Israel a half-century ago, hardly a week has gone by without worried warnings that Israel was in danger of losing its soul.

The warnings come from people who announce themselves friends of Israel, but who are displeased by Israeli survival tactics or politicians Israelis choose to govern their country.

Souls certainly are important. So it is unfair to Arabs that the warnings are never directed toward them. Surely the Islamic mixture of rage, religious fury, holy war and political hypocrisy about farael cannot be good for any soul. The potion is made more poisonous by the attempt of Muslim states, some of their European customers and Secretary-General Butros Butros Chali of the United

Nations to equate the Israeli deportation of extremist Muslims lighting for Israel's death with the depredations of Saddam Hussein and the slaughter in Bosnia. On this all can agree: Prime Minister Yitzhak Rabin handed his enemies a handsome political victory and Israel's nervous friends heaps more delicious guilt opportunities. Rarely has a leader kicked himself in the

rear end so smartly, so publicly. Mr. Rabin realized that fundamentalist Hamas, sworn to the elimination of Israel, was a danger both tn peace and the peace talks. He arrested 1,600 of its functionaries. The world barely noted. Then he deported more than 400 of them.

But Mr. Rabin somehow neglected to find out that this time Syrian-controlled Lebanon would not accept them. So, with its leaders in no-man's-land, Hamas was

elevated in TV stardom and world attention.

to come back, exchanging television time for prison, so that Israel can avoid UN sanctions.

Harnas and other Muslim extremist groups threaten most Arab nations. In 1982 Syria slaughtered perhaps 20,000 of its own citizens because fundamentalists killed six policemen. In Algeria they have been jailed en masse without trial Libya "disappears" them.

No UN meetings have been held on Syrian massacres of fundamentalists, no sanctions threatened for

Arah deportations. Yet under Busbbaker the United States went along with a swift UN condemnation of Israel for its deportations. By equating Israel's temporary deportations with very permanent ethnic massacres in Bosnia, or with

Iraq's territorial marauding, the UN members and the secretary-general are countying in n distortion of history, reality and morality.

Thus they can efficiently destroy hope that the United

Nations will be effective, decent or trustworthy, The deportation episode has startled Americans. The reason is that neither the Bush nor Rahin administrations laid out the full reality about the peace talks: Great opportunities exist, but also great risks.

Among the risks is that Islamic extremism is deter-

mined to use an autonomous Palestine to achieve Israel's destruction. It is a dance with wolves. The United States will veto a sanctions move. That

will increase Arab pressure on the United States and Israel's political debt to Washington. But, here is a straw. The Clinton administration will have the chance to do what Mr. Rabin and Bushbaker did not: Make the world understand the whole story opportunities, risks, hopes, dangers, all. The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1943: Nazis Interrupted

1893: Hunters Grumble PARIS - The shooting season in

France has come to an end, and sportsmen are discussing it. Owing to the pessimistic tendencies peculiar to their class one cannot accept their statement that the amount of game is decreasing, without ascertaining by a glance at some figures that we are not being misled by traditional but groundless grumblings.

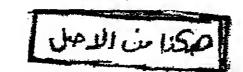
1918: Finnish Protest

STOCKHOLM - The Government of Finland has addressed a protest to all the Powers which recognized Finland's independence, calling at-tentinn to Russia's direct collaboration with the criminal elements in Finland by sending them arms and munition despite Petrograd's recog-nition of Finnish independence. All southern Finland is in the hands of the Red Guards, supported by Russian troops, in the north, comparative calm reigns.

LONDON — [From our New York edition:] Timing their blows for maximum psychological effect, the British raided Berlin today [Jan. 30], sending two flights of Mosquito bambers skinning a service the carried bombers skimming across the capital just as two of the highest Nazi leaders were about to broadcast addresses on the tenth anniversary of the Nazi particle. ty's rise to power. Reich Marshal Hermann Goering, with the heads of the German fighting forces and other officials gathered about him in the ceremonial ball of the German Air Ministry was ready to account air. Ministry, was ready to go on the air.

Listeners io London heard the announcer open the ceremony. Then a few muffled words were heard, as if a man were shouting at a considerable distance from the microphone, Explosions were heard, followed by confused shouting. It was believed that the raid, timed precisely, had driven the Nazi leaders to seek safety in air raid shelters. The program was cut off and martial music substituted.

Line



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Hy Anthony Levi

Dear Mr. President

FLAAG congratulates you on your inauguration and looks forward to an administration that will be concerned with the status of Americans around the globe on an everyday basis, and not just when we come knocking on Washington doors.

Your letter to us in the International Herald Tribune of Sept. 26, 1992 offered encouragement on the treatment of issues that are important to us and made a powerful impression overseas. Your pledge in your inaugural address to improve our competitiveness in a global economy will help U.S. citizens at home and abroad. We look forward to your designation of presidential office personnel as special li-aisons to the 3.5 million civilians outside the United States.

In writing to us, you faced squarely the problem of the partial exclusion of earned income, one of the tax issues that we and is there an equitable way to collect it? You have already dem-

onstrated your willingness to examine and compare the experience of other nations when looking for answers to U.S. domestic problems such as health carc. We recommend, President Clinton, that our national tax policy on foreign earned income be subjected to a thorough comparative study, perhaps under the auspices of your liaison personnel for Americans around the

We appreciate the need to reduce the deficit. Therefore, reduction of any existing revenue source may be questioned.



An open letter to President Bill Clinton on the need for a solution to the problems of taxation of Americans around the globe.

face constantly. We appland your commitment not to worsen our current position, and we trust that a full review of taxation of income earned abroad can be undertaken.

The prevailing U.S. ation system applicable to overseas Americans is unfair and reflects an incompicte grasp of the contemporary realities involving these Americans. It shows a lack of comprehension of why we are outside the United States and of the tax burdens we already

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The U.S. Treasury published in 1978 and 1989 limited reports on taxation of Americans working overseas, dealing princi-pally with statistical aspects rather than policy. Even though no calculations were made of the cost of collection, the offsetting deductions to corporations for tax-equalization and similar programs, all of which sharply reduce revenues, the reports indicated limited income from overseas. Under Section 114 of the Economic Recovery Act of 1981, another Treasury report is due. Wc ask, Mr. President, that this effort examine all aspects of this issue. Does the tax really produce a positive revenue stream,

However, we are confident that a thorough economic and tax policy study will demonstrate that the current system of taxation of citizens abroad is unjust, provides small returns, ica shooting itself in its economic foot.

Fiscal Discrimination

Overseas Americans have good reason to feel discriminated against by U.S tax treatment. While the United States, like all other major industrialized countries, taxes resident individuals, the United States stands alone in also levying its income tax on the basis of citizenship. While the constitutional legitimacy of such taxation is well established, its wisdom is not

Other countries with tax systems comparable to that of the United States and a similar need for revenue have not sought to levy taxes on the earned income of their overseas citizens for at least four major reasons that are applicable to the U.S. situa-

First, the relatively low prospects for exacting significant revenue and the high cost of collection reduce the impact. The complexity of current regulainvolves an

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AMERICANS AROUND THE GLOBE extraordinary administrative burden and usually requires overseas citizens to obtain expensive professional assistance to pre-

net revenue for the government. Second, the traditional approach around the globe is to limit income taxation to residents and non-residents generating income within the host country's borders. While not binding, this principle of international law does indicate the standard for civilized nations and has been almost universally re-

pare their returns. The re-

sult is little if any positive

spected. The possibility of inflicting tax injustice upon overseas citizens is a third principal factor. An American receiving little support from his government can be severely penalized by the accumulation of U.S. and foreign taxes.

A final factor is business competitiveness.

Information Needed

There is apparently misinformation in the hands of our fellow citizens and our congressmen. An example of the lack of understanding occurred during the global conference of U.S. citizens held in Paris in 1990. A capable congressman from Detroit expressed his conviction that his local constituents would not understand a total exemption of foreign carned income; indeed, if they learned of today's \$70,000 exclusion, they would feel discriminated against. Neither he nor his constituents consider the taxes paid to foreign governments as relevant.

The U.S. government has not always unfairly taxed its citizens around the globe. Exclusion of overseas income was the original rule, termed "the trader exemption," reflecting an appreciation of the contribution being made to U.S. trade. The first limitations were imposed on the amount of the exclusion in 1952. Since then, we have been subjected to roller-coaster legislative changes whose only common denominator is growing complexity and higher cost of compliance.

This attitude is sometimes reflected in the actions of the Internal Revenue Service. The service. through a well-publicized press release, appears to be saying that there is widespead tax evasion by overseas filers. This is misleading. Many Americans abroad have an obligation to file but no tax is due. The release suggesting evasion distorts the actual picture. The service must make strenuous efforts to

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for us to accept, however,

is that our country goes to

great lengths to make cer-

tain that we are taxed in a

manner similar to our

compatriots at home, but

makes no effort to provide

us with the governmental

services provided to resi-

dents. Where is overseas

educational assistance?

Where is our Medicare?

Are we to believe, as many

in Washington have re-peatedly suggested, that payment of federal income

tax is simply the price of maintaining citizenship? The lack of fairness goes to

the extreme of reducing

the amount of social secu-

rity benefits payable to cit-

izens overseas for U.S.

work when they subse-

quently earn the right to benefits of a foreign nacollect what will often be merely minimal or zero tax due. It is debatable whethtion for unrelated work. For long-term residents er these efforts are a wise use of IRS resources. these issues are especially The most difficult part telling.

Detrimental Effects on U.S. Trade

The present taxation system also damages American business in its efforts to be competitive internationally. Since the burdensome increases in taxation of offshore workers began in 1952, our nation's ability to compete in many world markets has been seriously hampered.

Testimony before Con-gress has demonstrated the drop-off in certain types of U.S. business abroad, particularly in construction and similar project-type efforts. Our companies begin with the already difficult task of motivating employees

comfortable society to live in some of the world's least attractive locations. The extra cost of their employment is increased by U.S. income tax costs.

from the world's most

Since many of these Americans have been transferred for a two- or three-year stay, their employer in the United States will generally fund the cost of U.S. income tax. This creates yet more income, generating more tax, with a snowballing effect. The end result is a significantly increased cost of doing business abroad. Although not a desirable option for American workers, a U.S. company may solve its problem by hiring foreign personnel.

FLAAG represents people, not companies. but we see Americans hurting when overseas employment opportunities fall off and when export sales offices shut down. It seems self-evident that putting our companies operating abroad on a level playing field with foreign companies will help the U.S. economy and all Americans, at home and abroad. The United States must reconsider a tax policy that so impedes its ability to compete in the international business arena.

There is no immediate solution for the entire range of tax issues facing overseas Americans. Today, the nnilateral tax credit (granted by the United States regardless of treaty obligations) is a realistic but partial solution.

Without it, many overseas taxpayers would be in an untenable position. But the significance of that credit varies sharply according to the overall tax system of the host country.

The U.S. tax system is not calibrated so as to account effectively and fairly for the economic realities of overseas Americans. For example, the overall tax burden of an American living in the European Community, with its "harmonized" value-added tax of 15 to 20 percent, is much higher than that of his fellow citizens back home, yet he may well face additional U.S. taxation. In addition, the varieties of taxation throughout the world and the differences in standards of living render more difficult any eqnitable solution without a complete and informed evaluation of the relevant

facts. Mr. President, all these issues must be carefully studied, costed, and presented by an authoritative group. A broad mandate to your study commission will provide the factual basis for meaningful reform of the existing system. After a considered review (in which FLAAG stands ready to help in any way) we can move toward the day when all Americans,

regardless of where they

reside, are taxed fairly.

Hopefully yours,

The Federated League of Americans Around the Globe

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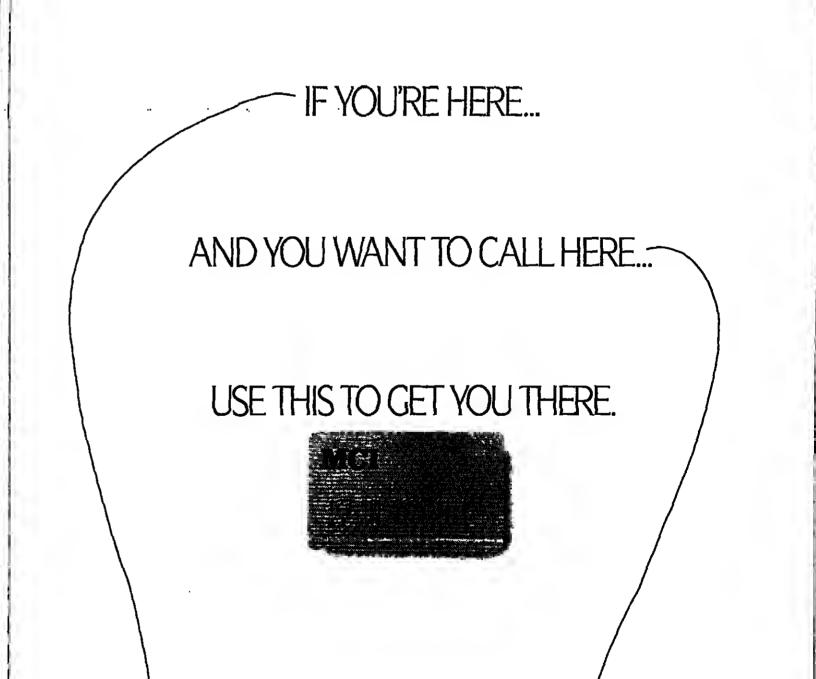
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JAPAN: Yells 'Foul

(Continued from page 1)

filing anti-dumping complaints. The case stems from a complaint filed in the antumn of 1991 in which Japanese ferroalloy companies alleged that China, Norway and South Africa were dumping products into the

Japanese market.
Tokyo decided against applying sanctions to
Norway and South Africa, because their level of
dumping was not found to be hurting the Japanese industry.

nese industry.

But the government found grounds for putting duties on Chinese ferroalloy imports. China's market share rose from 17 percent to 39 percent in the three years through 1991, the government said. During that time, ferroalloy prices fell much further than other prices, and the Japanese industry began suffering losses.

Seven Chinese companies submitted internal business information and were found guilty of dumping. Two were exempted from the duties when they agreed to raise export prices, but

when they agreed to raise export prices, but imports from the rest will by subject to duty. China said it regretted the decision and threatened some form of retaliation, Reuters

reported from Beijing.
This decision was made without the consideration of some true and reliable information," a spokesman for the Ministry of Foreign Eco-nomic Relations and Trade said in Beijing.

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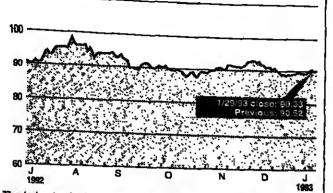
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(Comband from page 1)

International Herald Tribune World Stock Index e, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, Franca, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of Tokyo, New York and London, the index is composed in the case of of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

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Raw Materials

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88.35 88.49 -0.16

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87.45 88.56 -1.25

84.01 83.69 +0.38

Services 103.29 103.96 -0.64

Finance

Russia Is Nearing Point At Which Money Is Useless

By Fred Hiatt

Washington Post Service OSCOW — The Russian economy, 13 months into one of the riskiest transformations ever attempted, stands at a moment of great promise but also of program now gathering steam that could irreversibly remake the nation's political and economic map. Already 46,000 enterprises have moved from state ownership into private hands, Deputy Prime Minister Anatoli B. Chubais said this week, and the government has launched a program to unload -

big factories faster than has been with hyperinflation, accomplished anywhere else. gram, along with every other aspect of Russia's democratic and a daily concern. free-market reforms, is threat-

ened by potential hyperinfla-tion. With food prices doubling every two months, Russia's economy has not yet reached but is nearing that point where money is considered worthless and normal economic ties collapse. And although economists may debate the technical definition of

hyperinflation, none disputes the grave consequences. Hyperinflation can lead to dictatorship; in Russia, it could also presage the disintegration of the world's largest country into dozens of warring "Everything would fall apart," said Richard Layard, a professor

"Everything would fall apart," said Richard Layard, a professor at the London School of Economics and adviser to the Russian government. "You'd get a breakdown of trading relationships between regions," he asserted, adding, "In real hyperinflation, survival becomes a daily concern, and the only concern."

A Russian economist, Andrei Illarionov, added: "The middle class

would be croded away, the backing for democratic reform would be eliminated and the political extremes would be strengthened." Russia's inflation is difficult to fix but not to understand.

Decades of Soviet central planning left Russia with hundreds of firms that produce things no one wants, waste vast amounts of energy and employ far more people than necessary. These firms can survive and keep paying wages only by bleeding the state for huge subsidies or charalleges. But the state can no longer afford to support its inefficient subsidies or cheap loans.

economy. A long period of economic stagnation, beginning some time under Leonid I. Brezhnev's leadership, made it inevitable that such a time would come. Now the crisis has been hastened by See RISK, Page 11

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Why U.S. Can't Cure Europe's Ills

By Tom Redburn

DAVOS, Switzerland - Despite widespread hopes in Germany and France that an improving U.S. economy should help overcome Eu-rope's worsening downturn, the United States alone will not be able to pull Western Europe out of its economic doldrums.

Indeed, in the view of a number of American analysts gathered here as the World Economic Forum got under way Friday, Europe will have to solve its own economic problems rather than

look to Washington for salvation.

A coordinated growth strategy actively supported by leaders of the Group of Seven industrial nations offers the only realistic prospect of improving the bleak global economic climate, analysts and officials said. The strategy is based on Japanese fiscal stimulus and lower German interest rates, along with stronger investment and more modest U.S. consumption. "The world cannot count on an American

94," said C. Fred Bergsten, director of the Institute for International Economics in Washington. "The G-7 is dead. The G-7 must be

resurrected to deal with these issues." Mr. Bergsten and others argued that Europe is in danger of being left behind if the new

The French franc might be better off floating, Pöhl said. Page 11.

administration of Bill Clinton finds it easier to forge closer ties with the more dynamic economies of Latin America and Asia than to deal

with the European Community.

"Europe is in a recession," said Karl Otto
Pohl, former president of the Bundesbank.

"Germany is in a deep recession; maybe the deepest recession of the post-World War II

To provide the spark to restart the European economic engine, Mr. Pöhl said, it is necessary

for Germany to take a much stronger lead. Bonn, by helping to ease inflationary pressures caused by wage demands and government borrowing, could pave the way for the Bundesbank to drop its stern objections to lower interest

Horst Köhler, state secretary in the German Finance Ministry and Chancellor Helmut Kohl's personal economic adviser, agreed.

"In Germany," be said, "important econom ic problems exist and must be tackled. Macroeconomic policy coordination can only be successful over time if each country addresses its own problems."

In the early 1980s, a powerful American consumer boom coupled with a rising dollar produced a huge increase in the U.S. trade deficit that was key in reviving growth else-where in the industrial world. Europe in the '90s cannot count on a similar kick from the more

See SALVATION, Page 10

U.S. Factory Orders Boom

Strength in Durable Goods Is Broad-Based

By Lawrence Malkin mational Herald Tribune

NEW YORK - Orders for U.S. durable goods, a major sinew in an economic recovery that depends on consumers, rose a startling 9.1 percent in December, the government reported Friday. The surge was broad-based but not as strong as it

The Commerce Department also reported that personal income grew by a robust I percent, but special factors such as year-end bonuses and farm-subsidy payments also exaggerated the figure, which must grow if the recovery is to continue even at at its modest pace.

The favorable government fig-ures filled the short horizons of the

and even more against the sagging
British pound. The dollar closed at
1.6113 DM in late New York trading, well above its 1.5860 DM at
Thursday's close.

The durable-goods figures, arways volatile, were characterized as
"a spike rather than a trend" by
Gordon Richards of the National
Association of Manufacturers, who

cally prompt the Federal Reserve span, which ended with the Federal the index increased by 5.5 percent.
Reserve chairman politically Carl Palash of MCM Monblocked from raising rates as long

the dollar soaring by more than 2 proved too much of a drag on the pfennig against the Deutsche mark, recovery.

The speculative fever was partly said they might decline in January based on the belief that a stronger without December's untypical 14 economy would almost automati- percent increase in orders for military goods. A decline in aircraft to raise interest rates. Most traders orders is certain after the anmissed the subtleties of the inter-play this week among the White tion cutbacks by Boeing Co.; with-House, Congress and Alan Green- out the transportation component

eywatch said some of the Decemas inflation remains low. He even ber strength may have come from The favorable government fig-ures filled the short horizons of the currency market and helped send ble reduction in the federal deficit investment tax credit, which Con-



Big Gain in Durables

gressional leaders promised to make retroactive if they enact at the recommendation of the Clinton administration.

With personal income up 1 per-cent, spending rose 0.5 percent for Christmas, but families saved the

rest. "The crucial question for consumers is whether the strength of See ORDERS, Page 10

Dunkel Expects Significant Delay In GATT Pact

By Roger Cohen
New York Times Service

DAVOS, Switzerland - Arthur Dunkel, the man overseeing world trade talks, on Friday ruled out the possibility of a global trade pact before March 2, the deadline for a procedure allowing rapid approval of an accord in the U.S. Congress. It was the first time that Mr.

Dunkel, director-general of the General Agreement on Tariffs and Trade, had conceded that an agreement was impossible before this date. As a result, it seems inevitable that final approval of the Uruguay Round of trade negotiations will be put off for several months at least. A trade agreement, which would open markets and so provide a major spur to output, is widely regarded as essential to revive the sagging

world economy. "I have to say now that it will not be possible to reach a package ac-ceptable to all parties by March 2." Mr. Dunkel told reporters at the World Economic Forum.

Encouraged by an accord on farm trade reached last November by the European Community and the United States, Mr. Dunkel had hoped to wrap up the GATT talks in the first two months of this year. But since then, French objections to the agricultural agreement, uncertainty over the intentions of the new U.S. administration and Washington's imposition this week of tariffs on steel imports have combined to stall progress and undermine relations between Europe and America.

dents and foreign trade negotiators. President Bill Clinton and his special trade representative, Mickey Kantor, have not yet clarified whether, or for what period, they intend to seek a renewal or extension of the fast-track authority.

U.S. president is entitled to negoti-

ate a trade agreement and submit it

to Congress for expedited consider-

ation with no amendment allowed. The authority has been considered

essential by a succession of presi-

Lester Thurow, a leading U.S. economist, declared Friday in Davos that he believed Mr. Clinton would have to stem imports in order to achieve the domestic economic growth of 4 percent that be needs. You would call it protec-tionism, I would say it's isolation, but he would say it's common sense to get re-elected," said Mr. Thurow, dean of the Sloan School

C. Fred Bergsten, director of the Washington-based Institute for International Economics, suggested that a limited Uruguay Round accord should be signed immediately, encompassing the areas in which agreements have been reached. If Europe refused this, be said, it should be made to pay the price and the United States should seek intensive trade cooperation with Latin America and the Pacific Rim.

But Mr. Dunkel rejected the pos-sibility of a limited GATT accord in the Uruguay Round. "We have reached the point where trade-offa Under the so-called fast-track have to be made across the board to legislation expiring on March 2, a reach a final agreement," he said.

Tokyo Dumping Duties: First of Lots?

By Steven Brull International Herald Tribune

TOKYO - Japan's decision to impose anti-dumping duties on a Chinese alloy is only the first of what will become an increasingly common tactic as Asian nations push to open Japan as an export market, a Japanese

trade official said Friday.

But analysts said that by levying the antidumping duties, Tokyn had weakened its
own ability to defend its rising trade surphus. The move is expected to strain Japan's increasingly frustrated by their difficulties in penetrating the Japanese market.

The United States and Europe have a long history of imposing dumping duties on Japa-nese products and loudly complaining about access to the Japanese market. But Japan's Asian trade partners have generally taken a quieter approach, which reflects the region's heavy dependence on Japanese capital.

Now the region's trade deficit with Tokyo has widened, and hopes for expanding ex-ports to the West, especially the United States, are limited by fears of protectionism. "We're at a turning point," a Trade Minis-try official said of the move. "Japan is becom-

ing a target for imports."
"We'll see more of this as Japan increasingly becomes a trade target of Asia," added the official, who asked not to be identified.

The risk for Tokyo is that the move will backfire. Japan has long pointed to its low sorted to anti-dumping duties to argue that its markets were more open than those of the United States or the European Community.

Now we've lost one of our main arguments," the official said.

Japan's global trade surplus soared 37.6 percent in 1992, to \$107.06 billion. But the gap widened most quickly with Asia's industrializing economies, rising 17.6 percent, to \$46.49 billion, which eclipsed the imbalances with the United States and Europe. The trade gap with Asia reflects the cooling

of the Japanese economy, which is taking fewer imports, as well as strong Asian demand for Japanese products. But there is also a major structural component: Asian nations are addicted to Japanese capital goods, which equip factories and drive those nations' export-led economies: but as a result, the products they make are often slightly down-market versions of goods made in Japan, and thus

When Prime Minister Kiichi Miyazawa toured four Southeast Asian states earlier this month, he was urged to grant greater access to Japanese markets and to spur technology

transfer, an appeal that has become ritual.

But Prederick Chien, foreign minister of
Taiwan, which does not have full diplomatic
ues with Tokyo, was more blunt: "Japan is only interested in making money," he said.

but it isn't the official source," Mr.

Some analysts think sharehold-

ers should be grateful for any package. "DAF shareholders are in an impleasant situation but they could

see it coming," said Engbert Ebel-

ing, salesman at the Kempen & Co. brokerage. The company is tech-

nically bankrupt and any bailout

De Vries said.

Canada Joins the Parade, Imposing Punitive Duties

OTTAWA — Canada said on Friday that six countries had dumped hot-rolled steel sheet on its market at less than fair prices and set immediate punitive duties on them.

Revenue Canada, a government agency, said it had made a preliminary determination of dumping by the United States, Germany, France, Italy, Britain and New Zealand. The duties range from 20.9 percent to 124.2 percent. Revenue Canada can make a final determination within 90 days.

The champing ruling comes two days after the United States im-osed temporary duties on \$2 billion of foreign steel after finding that shipments from 19 countries were being dumped in the U.S. market.

The State Department on Friday stressed that the duties reflected a preliminary determination and could be overturned. It noted foreign companies had the opportunity to provide legal arguments and new data to the Commerce Department that could change final

The duties, ranging up to 109 percent, would be made final if the U.S. International Trade Commission ruled the shipments were injuring American companies. It is expected to act by summer.

For DAF Investors, Mystery Isn't Sweet

Four days ago the stock was sus-ended ahead of an aunouncement of the details on how DAF would be restructured. Friday morning, after an aborted company news conference followed by an uninformative one, vague comments from the Dutch economics minister and a story leaked to a newspaper, the shares started trading again, 23 percent lower.
"If I were a shareholder, I'd feel

cheated," said Marc Andriessen, fund manager at Crediet- & Effectenbank in Utrecht.

The stock, which in 1989 traded as high as 47 guilders, stood at 7.30 guilders before the four-day suspension and closed at 6 guilders on Friday, up a little from its daily low. Mr. Andriessen predicts DAF shares will drop to 3 guilders, as he thinks the government and banks will buy DAF shares at less than

Eurocurrency Deposits

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Sources: Reviers, Licycle Bonk. Roles applicable to Interbank de

Key Money Rates

United States

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CURRENCY & INTEREST RATES

AMSTERDAM — In the fog shareholder confidence," said Peterhal still to be worked out.

The Dutch govern-Paul de Vries, spokesman for the The Dutch economics minister, It said they would also maintain

AMSTERDAM — In the fog shareholder confidence, sand returnanting the Dutch government's plan to rescue the truck maker DAF NV, one thing is clear. The chareholders are losing out.

The chareholders are losing out.

Shareholder confidence, sand returnment's plan to rescue the truck plan to rescue the truck of Dutch shareholder lobby group to the Dutch shareholder lobby group to t

There's still no clarity for shareholders as the whole plan needs approval. Yet trading has resumed and insiders have more information than outsiders.

A spokesman for the shareholder lobby group VEB

needs approval. Yet trading has re-sumed and insiders have more infor-ond of DAF's Hindhoven confermation than outsiders." During the four-day suspension,

the company organized two news conferences to announce details of the rescue package.

The first, on Tuesday, was abruptly canceled. In the second, DAF's chairman, Cor Baan, said the company's short-term finances were being taken care of and its long-term future had been mapped

Sources: Reuters, Bioombers, Merrill Lynch, Bank of Tokyo, Commerzbank, Greenwell Montagu, Crédit Lyotnais.

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ences. The 16 journalists who managed to attend beard the minister say the government would invest more than 200 million guilders (\$111 million) in DAF and could end up with a 30 percent stake. He said it could be weeks before the package was given approval.

that price.

long-term future had been mapped ciecle Dagblad, a morning finantime to suspend a company's shares.

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long-term future had been mapped ciecle Dagblad, a morning finantime to suspend a company's shares.

ments and a group of banks led by of a leaked draft of the package. The newspaper said the plan was to reduce the value of DAF's shares by 60 percent, to convert all techni-

cally unconvertible bonds into shares, and to turn the comulative preference shares that guaranteed an additional dividend into ordinary certificates. About 2,500 of the 12,500 workers will lose their jobs. In addition to the 200 million guilder state injection, to be carried

was bound to bring a severe dilu-tion in share capital. We should be happy if DAF survives."

Though a decline was on the cards given DAF's liquidity crisis — over the last three years it has had losses of more than 720 million guilders - critics believe the company could have provided share-holders with more information.

"In the U.S., companies give am-ple warning about future problems but here most shares are certificates For further information, share-holders had to turn to Het Finanwithout any voting rights," said Mr. Andriessen of Credict- & Effectenbank. As early as last March, DAF said

it needed to bolster its capital and reserves substantially. Analysts said that by this week the company was teetering on the brink of bank ruptcy, unable to pay suppliers or interest on its ballooning debt. "Still, last March they said

they'd break even in the second half of 1992 and only in December guilder state injection, to be carried did the company say that would no out through the conversion of National Investment Bank loans into new shares. DAF's main creditor terribly badly informed."

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Other Dollar Values

1.4670 1.4670 1.6167 1.4796 Sources: ING Bank (Amsterdam); Industrit Bank (Brussels); Banca Commerciale (Milan); Asence France Presse (Parls); Bank of Tokyo (Tokyo); Rayal Bank of (Milan); Asence France Presse (Parls); Bank of AP. (Toronto); IMF (SDR), Other data from Reuters and AP.

MARKET DIARY

Health Scare Hits Telephone Stocks

Compiled by Our Staff From Dispatches NEW YORK - The stock market rose slightly Friday but tele- the two most actively traded stocks. phone shares plunged because of a snowballing health scare over cellu- 11/2 to 221/2, Fleet Call shumped 11/4

lar phones. The Dow Jones industrial average inched up 3.78 to close at Group fell 1% to 56%. Pacific Tele-3.310.03, finishing the week with a sis dropped 1% to 44 and Southgain of 53.22 points.

Advancing common stocks outchange. Trading was active, with

N.Y. Stocks

more than 245 millioo shares changing hands on the Big Board. Shares of cellular communications companies and regional Bell operating companies with cellular businesses plunged on reports that cellular phone sales were starting to suffer from growing concerns that the phones may pose a risk of brain cancer in users. The concerns arose from a Florida man's allegations about his wife's fatal cancer.

The Cellular Telecommunications Industry Association announced Friday it would pay for government-approved research to determine whether radio waves from cellular phones posed a cancer risk. The association has asked the Department of Health and Human Services, Federal Communications Commission and Environmeotal Protection Agency to appoint the oversight panel.

Motorola's stock plunged 51/4 to
50% on Friday and McCaw Cellu-

declined 11/2 to 46% and Vodafone western Bell lost 2% to 68%. The plunge in Motorola dragged paced decliners by a margin of 9 to down the semiconductor group, 7 on the New York Stock Exdays after a rally that was fueled by robust fourth-quarter earnings re-ports from Intel and Motorola. International oil shares also gave back their recent gains. Oil stocks

jumped on Thursday after the Senate Energy Committee chairman Bennett Johnston of Louisiana proposed an oil-import fee that would boost domestic crude prices. An analyst at Prudential Securities, saying oil stocks have become expensive, withdrew his "buy" recommendations on Amerada Hess, Atlantic Richfield, Chevron, Ex-

and Phillips Petroleum. Northern Telecom dropped 14 to 4314. Paul Stern, chief executive of Canada's leading telecommunications equipment maker, resigned, possibly because his management style created friction.

Scientific-Atlanta plunged 4% to 24 after the cable-equipment and instruments maker posted secondquarter earnings of 4 cents a share, down from 6 cents a year ago.

ORDERS: Durables Surge 9.1%

(Continued from first finance page) the expansion is sufficient enough to improve income and job prospects ahead," said Edward Yardeni of C.J. Lawrence.

Initial January indicators were firm but hardly robust. The University of Michigan consumer survey showed this month's final confidence figure at 89.3 percent, little

Foreign Exchange

changed from the preliminary report of 90 percent. The Chicago Purchasing Managers Index inched ahead to 61 from 60.2 in December. **■ Traders Wrong-Footed**

The dollar's bounce left many chartists and other traders throwing out recent forecasts that the dollar would slide to around 1.55 DM,

Reuters reported from New York. "This looks pretty impressive for the buck," said Charles Wheeler, a trading in New York for Posti-pankki, the Finnish bank.

Mr. Wheeler said be oow expected the dollar to reach toward the level of 1.6225 DM to 1.6250 DM. But Jonathan Hoffman, director of economics at CS First Boston in London, cautioned, "Today's data don't change the fact that jobs better integrate itself into the com-

growth has been disappointing and it's going to take a run of strong jobs oumbers before a break above

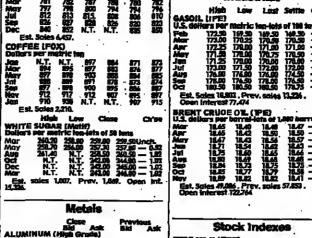
1.65 can be justified." Against other currencies, the dollar rose to close at 124.65 yea, from 124.20 oo Thursday; to 1.4875 Swiss francs from 1.4625 and to 5.4515 French francs from 5.3655. The pound slid to \$1.4870

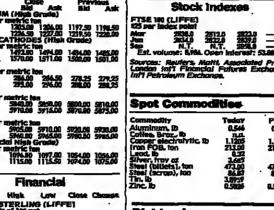
Earlier in London, the pound fell to \$1.4852, its lowest level since January 1987, from \$1.5115 Thursday. The pound also slipped to 2.3958 DM from 2.4038 on Thursday.

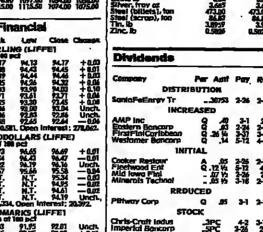
Dow Jones Averages The Dow Standard & Poor's Indexes 321/2. Motorola and McCaw were Vanguard Cellular went down to 20%, ADC Telecommunications **NYSE Indexes** Low Class Chies — 241.92 + 0.22 — 294.45 + 0.35 — 221.04 + 1.48 — 105.97 — 0.30 — 207.60 + 0.41 NASDAQ Indexes JASDNDJ NYSE Most Actives **AMEX Stock Index** Nich Low Close Circe 411.38 410.00 411.06 + 0.59 **Dow Jones Bond Average** + R14 + 007 + 022 xon, Mobil, Pennzoil, Sun, Texaco, **AMEX Most Actives Market Sales** vilvana B 39414 Betatwi n 11744 EksDP wt 1088 SPDR n 1088 SPDR n 7852 EspLA 780 Eishnor 4745 Betatwi wt 4289 Royalio 4235 EchoBy 4514 Milhav 3850 CH 3411 mterDio 3233 N.Y.S.E. Odd-Lot Trading **NYSE Diary** Close Prev 1075 829 581 2425 75 12 TO OUR READERS IN SWITZERLAND **Amex Diary** It's never been to subscribe and save. Just coll our Zurich office **NASDAQ Diary** toli free: 155 57 57

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Clinton Package Seen Near \$20 Billion

WASHINGTON (Combined Dispatches) — Deputy Treasury Secretary Roger C. Altman confirmed Friday that President Bill Cliston will

unveil an economic stimulus package containing \$15 billion in new government spending and perhaps up to \$7 billion in tax relief, including an interestment credit and capital gams reduction.

Mr. Clinton was elected in large part to help propel the flagging economy, and talk of a stimulus plan has bounced about for months, Earlier this week, media reports said advisers of Mr. Clinton had indicated the president had a \$20 billion fiscal blueprint in the works. In the taping of an interview for the John McLanghlin public affairs television show "One on One," Mr. Aluman said: "The recent press reports are in the generally accurate area —\$15 billion on the spending reid, another \$5 billion or \$6 billion or \$7 billion on the tax side. Roughly

Separately, Mr. Altman also said Friday that the U.S. Treasury was considering reducing the amounts of its 30-year bond issues.

During the administration of George Bush, the Treasury Department of the same of cut its 30-year bond issues to \$10 billion from \$12 billion per quarter, and there is speculation the Treasury might reduce that to \$6 billion a quarter.

Cray Chief Is Given Commerce Post

WASHINGTON (AP) - President Bill Clinton on Friday nominated John A. Rollwagen, chauman and chief executive of Cray Research Inc.,

to be deputy secretary of commerce.

Mr. Rollwagen, 52, has headed Cray, the world's largest manufacturer of supercomputers and a veteran of intense competition with Japanese makers, since 1977. He has served on trade advisory committees in both the Reagan and Bush administrations.

Charges Give Xerox a Quarterly Loss

STAMFORD, Connecticut (Bloomberg) — Xerox Corp. said Friday it had recorded a loss of \$736 million in the fourth quarter, the first quarterly loss since early 1990, because of charges related to its planned with fourth forms. exit from financial services.

A year earlier, the company earned \$91 million. Xerox also said it had posted a loss of \$1.2 billion for 1992 as a whole, its first annual loss, compared with a profit of \$454 million in 1991.

Xerox said last week it would dispose of its financial-services businesses, acquired in the 1980s, to focus on selling copiers and other office and printing products.

E-II Says Court Rejects Icahn Plan

NEW YORK (Renters) - E-II Holdings Inc. said Friday that a U.S. bankruptcy court had rejected an attempt by Carl C. Icalm to file an alternative plan in E-II's Chapter 11 bankruptcy case.

The court authorized E-II Holdings to start soliciting votes from

creditors for approval of the current management's reorganization plan.
E-II's core businesses include Samsonite luggage, Culligan watertreatment equipment and McGregor menswear.

Bank of New York Plans Purchase

NEW YORK (AP) — Bank of New York Co. said Friday that it planned to acquire National Community Banks Inc. of West Paterson, New Jersey for an estimated \$590 million in stock, the latest sign of revival in the once-battered East Coast banks.

Earlier this week, Chemical Banking Corp. said its Texas affiliate was purchasing key parts of the failed First City Bancorp of Texas. Bank of Boston and Fleet Financial Group, which both suffered hardship in the early 1990s, have also announced new acquisitions in recent months.

For the Record

Continental Airlines Holdings Inc. reported Friday a consolidated net loss of \$14 million for the fourth quarter, compared with net income of \$4.4 million a year ago. Revenue was \$1.35 billion for the fourth quarter of 1992, down slightly from \$1.38 billion a year ago. (UPI)

SALVATION: Europe Shouldn't Look to America

(Continued from first finance page) modest, investment-led expansion the United States is likely to experi-

ence, analysts said. Neither can Japan, which is in danger of fostering another protec-

tionist backlash in Europe and the United States unless it takes steps to reduce its swelling trade sorplus. "Japan must take steps to open

its markets more and reach out to

munity of nations," said Akio Morita, chairman of Sony Corp. "If Japan fails to do so, it is quite understandable if other countries begin to view my country as 'Fortress Japan."

The limited scope for further in-roads into the U.S. economy, however, is likely to hit Europe the

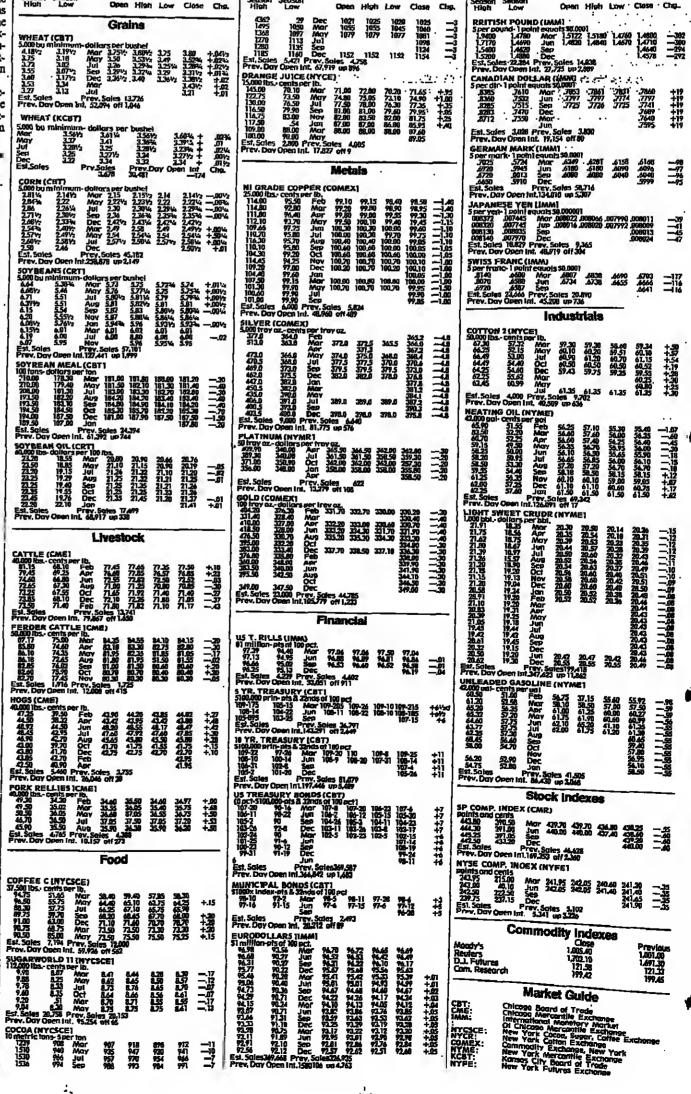
As its intracontinental trade has expanded sharply in recent years.

the importance of trans-Atlantic exports for Western Europe has shrunk substantially. Last year, the approximately \$100 billion in exports from the European Community to the United States represented just 6 percent of all exports from EC nations.

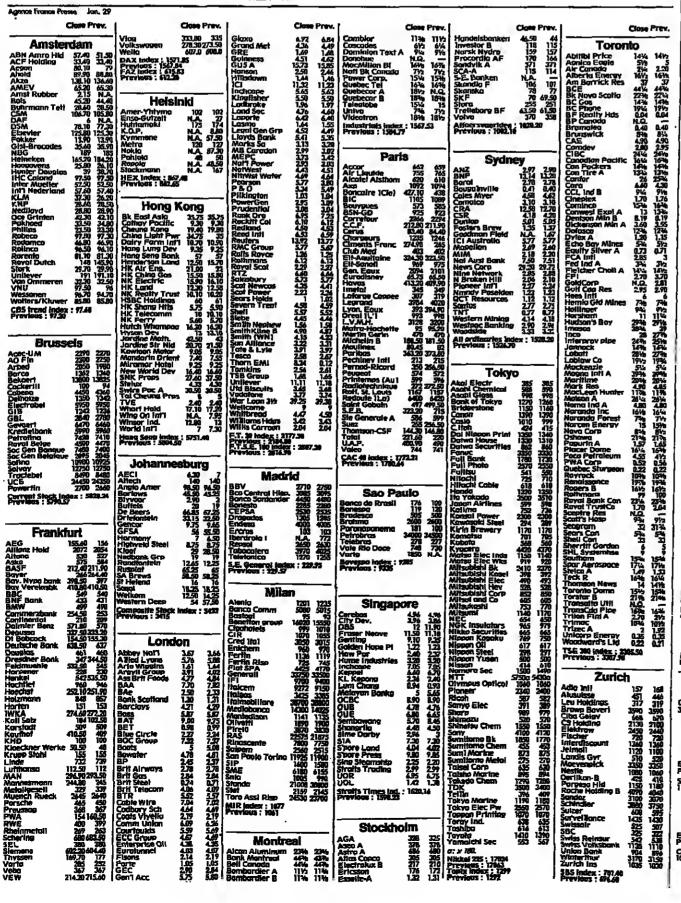
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As a result, even a highly unlike-25 percent gain in exports to the United States would produce barely a ripple in today's \$6.5 trillion

U.S. FUTURES



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U.K. Panel Sees BiggerCoal Market

LONDON — Britain's state-owned coal industry should be given hefty subsidies provided it keeps open as many threatened pits as possible, a much-awaited parliamentary report said on Friday.

The Trade and Industry Committee's report did not estimate how many pits could be saved of the 31 earmarked for closure by the government last October.

"We do not manage the British coal industry," the committee chairman, Richard Caborn, said. "We had a clear remit to say if there was a larger market for coal, and that is what we have defined."

The committee recommended that subsidies should be provided to allow extra sales of around 16 million tons of coal a year to power generators. Industry and political sources estimated this would save around half the 31 threatened pits.

The committee also said the government should consider subsidizing a further 3 million tons of coal a year for use ontside the generating industry. British Coal's sales this year are estimated at around 80 million tons.

The subsidies, which would run until 1998, should be "conditional on the achievement of specified re-ductions in British Coal's operating costs, and on British Coal keeping open as many pits as possible," the

The report is expected to influence greatly the government's own review of the closures of two-thirds of Britain's coal industry.

The subsidies would cost £500 million (\$750 million) over five years. The government expected closing 31 pits would cost £1.2 bil-

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A Saudi Lifeline for BAe Tornado Order Preserves Defense Business

LONDON — British Aerospace PLC, heading toward one of the biggest losses in British corporate history, has gotten a lifeline with a multibillion-pound order from Saudi Arabia.

During Prime Minister John Major's visit to Sandi Arabia on Thursday, the Saudis agreed to buy another 48 Tornado lighter-bombers as part of a deal under the much-delayed second phase of the arms-for-oil Al Yamamah program, Industry sources said the latest sale was worth about £4 billion (\$6 billion).

"This removes a lot of uncertainty" for BAe, said Pete Deighton, an analyst at Smith New Court. "They are heading off the critical list now."

BAe shares rose 18 pence to close at 253 pence in
London on Friday. The stock has rallied from 165 pence since the start of the year, but is still de-pressed compared with its high of 650 pence in

The order will safeguard 19,000 jobs at the company and save the Tornado production line at Warton, northwest England, which ran out of work last month when it delivered its last aircraft to Britain's Royal Air Force. Saudi Arabia already has 72 Tornados; a total of 974 have been made so far.

Last week, BAe signed a venture with Taiwan Acrospace Corp., avoiding closure of its regional jet business and a loss of a further 10,000 British jobs. And late last year defense ministers of Britain, Germany, Italy and Spain gave the go-ahead for the £20 billion European Fighter Aircraft, in which BAe has a 33 percent stake.

"Only a few months ago, there were three main

risks hanging over the company — EFA, Taiwan and Al Yamamah," said Sandy Morris, an analyst at County NatWest Markets. "Each of those three could have been life-threatening. But now they have been cleared successfully.

Mr. Deighton said the deal "won't do much for the profits in the short term.
"But it re-asserts British Aerospace's capability

to derive the main part of its profits from defense activities," he added.

BAe in the past made £500 million operating profit a year from defense and Mr. Deighton said it could now maintain this level.

Industry analysts still expect BAe to announce in February a 1992 loss of more than £1 billion. They expect a recovery to a profit of between £60 million and £150 million in 1993.

There are still doubts over the profitability of BAe's Rover Group subsidiary, which has been hit hard by a prolonged slump in British car sales. And BAe's Arlington real-estate development unit is still burdened with expensive commercial property on its books at the depth of a real-estate sh

from the Tornado order was cash that would help reduce BAe's debt mountain, which stood at £987 The Al Yamamah deal, signed in 1985, involved a complex payment system under which Saudi Arabia delivered crude to British oil companies

Analysts said the main short-term contribution

that sold it on the open market. The Saudis opened the way for the latest order 10 months ago when Mr. Major said they would make a £1.5 billion down payment on phase two.

Pöhl Sees Higher Franc If France Allows a Float

DAVOS, Switzerland --- Karl Otto Pohl, the former president of the Bundesbank, suggested Friday that France might gain an economic advantage if it allowed the French franc to float against the Deutsche mark, but said that Paris's and Bonn's political commitment to European unity stood squarely in the way of such a move.

"Economically, maybe it would be better to let the French franc float," Mr. Pohl said at a session of the World Economic Forum. "I think that it would go up, because the economic fundamentals are better in France than in Germany."

Mr. Pöhl's remarks echoed similar comments he made earlier this month at a meeting in Frankfurt of the G-7 Council, a privately sponsored organization which, like the World Economic Forum, brings together business leaders, govern-ment officials and academics on a regular basis.

Like several other analysts and former economic officials, Mr. Pohl argued that France, which has had the best overall economic performance in Europe recently, has nonetheless suffered from sluggish growth and rising unemployment.
But he said that the conviction reddending the franc.

(Continued from first finance page)

political chaos: by the disintegra-

tion of economic ties across the old

Soviet Union, by Moscow's inabil-

ity to collect taxes, by its helpless-

ness to prevent criminals from looting the country of billions of

dollars' worth of resources and for-

RISK: Russian Inflation Threat

mained in Paris that hopes of achieving a European economic and monetary union would collapse if the franc did not remain fixed to the Deutsche mark.

David Mulford, the former U.S. Treasury undersecretary for international affairs, agreed.

"France has chosen this course." Mr. Mulford said. If Paris had agreed to a currency realignment shortly after German unification took place, he added, interest rates in Europe would probably be lower and German inflation would not be such a menace.

French officials, however, contend they have no choice but to stick with Germany's tight monetary policies and high interest rates in order to establish France's antiinflation credentials and to prevent the drive for European unity from falling off track.

Earlier this month, President François Mitterrand said that any break in the fixed franc-mark link would shatter the exchange-rate mechanism and destroy any remaining prospects of achieving a European monetary union during this decade. The present leadership of the Bundesbank has consistently backed the French government in

ment in the health of the economy,

and the lobbyists from ministries

and agencies who constantly ex-

tend their greedy hands toward the thinning Russian budget."
As a result of the easy-credit pol-

icy, the number of bankruptcies of

state firms thus far stands at zero.

Although millions of Russians are

percent are actually unemployed. Also as a result, consumer prices

increased 26 times last year, and wholesale prices rose 36-fold, ac-

cording to the official Center for

Economic Reform. During the an-

tumn, the inflation rate was about

Now, Mr. Layard said, any small

Parliament's recent decision to

Investor's Europe London **CAC-40** FTSE 100 Index 2100 1500 A S O N D J 1992 1993 1300 A'S'O N'O J 2200 ASONDJ Close Change **CBS Trend** 97,60 97.20 40.41 Amsterdam Brussels Stock Index · · 5,790.57 +0.85 Frankfurt +0.26 Frankfurt 612.20 +0.59 615.83 867.48 +0.56 Financial Times 30 2,177,30 2,184,80 -0.34 -0.34 FTSE 100 2.807.20 London General index +0.17 +1.51 Vienna · · · Stock Index NA. SBS +0.69 696.60

Very briefly:

• French unemployment rose by 7,400 to 2.98 million in December, the government said, resulting in a jobless rate of 10.5 percent of the work force, unchanged from November.

· Volvo AB said it was considering opening an assembly plant in St. Petersburg for its 900 series car.

Cumard Line, the British company best known for its Queen Elizabeth 2 iuxury liner, said it had formed a joint venture with Crown Cruise Line of Finland to market Crown's three ships.

• Bertiner Handels- & Frankfurter Bank AG said it was conducting talks

with Royal Bank of Scotland Group PLC on the possible acquisition of a stake in that bank's Charterhouse merchant-banking subsidiary. • Renault said it had agreed to sell its Venezuelan subsidiary to Inver-

siones Cremerca of Venezuela to complete the French company's restructuring in South America. ABB Asea Brown Boveri Ltd. said it had agreed to buy EJF, a power-distribution equipment maker, from the Czech Republic, for an undis-

• The International Air Transport Association said that world passenger

air traffic jumped 13 percent in 1992 and cargo traffic rose 6 percent. • Lagardère Group, the main shareholder of Matra-Hachette SA, said it would raise 384 million French francs (\$71.7 million) in a stock offering beginning Feb. 15. Reuters, AFP, NYT, AFX, Bloomberg

Poland to Resume Talks With Banks

The Associated Press

WARSAW - Poland opens talks Feb. 11 aimed at restructuring its \$12.1 billion debt to Western commercial banks after an 18-month lapse in payments, the government announced Friday.

The London Club of commercial bank creditors has agreed to the date

for renewed negotiations, said Jan Bazyl Lipszyc, a Finance Ministry

adviser quoted by the PAP news agency.

Talks with the London Club broke off in June 1991, when Poland

stopped repaying the medium- and long-term portion of its debt.

Poland argued that to make the transition to a market economy, it needed a comprehensive reduction of the bank debt accumulated by the old Communist regime — similar to the 50 percent write-off granted Poland in March 1991 by the Paris Club of creditor governments.

Mercedes Acts to Speed Model Development

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STUTTGART - Mercedes-Benz AG will invest 800 million Deutsche marks (\$504 million) in a center to speed development of new models, the company

The center will be built in Sindelfingen, near Stutt-gart, site of Mercedes's biggest assembly plant. It will combine Mercedes-Benz's development activities at one site, improve linkages with suppliers and streamline preparation of new models, said the company, a in Unterturkheim, near Stuttgart. unit of Daimler-Benz AG.

Dieter Zetsche, the Mercedes management board member who heads car development, said: "In the face of increasing competition we have to become more efficient, especially in the development of new

The center will become operational by 1996, and will employ 4,500. Research and development for motors and gear transmissions will be based at Mercedes headquarters

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eign currency.
Impoverishment has left Moswith two choices: either allow.

underemployed and struggling to feed their families, fewer than 2 for the first time, bankruptcies and unemployment during a long and painful period of adjustment, or print more and more money to try to keep every firm alive. So far the Central Bank, which is legally under the control of a popu-

25 percent per month, But in the last week of December and the first three weeks of Janu-Boris N. Yeltsin's reform-minded government, has chosen the second ary, the inflation rate accelerated to option, which is more dangerous in the long term but politically safer today. Parliament and the governa dangerous degree, Mr. Illarionov said. Consumer prices rose at a ment also have overshot spending targets. Although in theory officials monthly rate of 33 percent; food prices rose 2 percent per day. may understand the dangers, their - and unpredictable - spark policy is a sum of thousands of could touch off hyperinflation, decisions, in each one of which special pleaders outweigh the national

"There's a serious struggle going on," Mr. Illarionov said, "between those who argue for an improve-

index pensions to the inflation rate is precisely the kind of spark that could set prices galloping ont of

REPUBLIC OF LEBANON

For the rehabilitation and reconstruction of its Infrastructure, the Republic of Lebanon has applied for

It is intended that the proceeds of the above loans will be applied for payments to contractors under

Water Supply: Water sources and boreholes Package no.1 Peckage no.2 Water treatment works

Package no.4 Transmission mains and distribution systems

Sewage Water Sector :

Those works should be executed on ell the Lebanese territory. The first year investment program will mainly concentrate on the rehabilitation of all the installations and equipments from the intake up to the tanks for storage of treated water. The scope of the work for the second and third years has been identified up to feasibility studies

Electric Resources (MHER) and tha Council for Development and Reconstruction (CDR) under donors guidelines. Contractors who have already implemented similar projects under tight control, are invited to apply for pre-

Reasons for not pre-qualifying any firm or consortium need not be given and no costs incurred in pre-qualifying will be reimbursed. Invitations for bidding will only be sent to firms or consortia which are pre-qualified. The CDR invites contracting firms or consortia interested in bidding to obtain pre-qualification documents starting January 27, 1993 from the:

Council for Development and Reconstruction (CDR)

Tellet El-Seray , Beirut-Lebanon

Deadline for submission of pre-qualification epplications with all supporting documents at the CDR offices in Beirut, Lebanon is 12:00 noon on March 16, 1993.

Rehabilitation of the Water Supply and Waste Water Sector PRE-QUALIFICATION OF CONTRACTORS

loans from the International Bank for Reconstruction and Development (IBRD), the European Bank for Investment (EIB), Kuwait Fund for Arab Economic Development, and other sources including the Lebanese Treasury to cover the costs of rehabilitation of the water supply and waste water sector.

contracts to be awarded for the following work packages:

Packaga no.3 Pumping stations Package no.5 Storage tanks Packaga no.1 Collection systems Package no.2 Pumping stations

and detailed design will be prepared during the first year of the program. The works will be executed under the supervision of consultants appointed by the Ministry of Hydraulic and

REPUBLIC OF LEBANON

Rehabilitation of the Solld Waste Management Sector PRE-QUALIFICATION OF CONTRACTORS

For the rehabilitation of the solid waste management sector, the Republic of Lebanon is receiving financing from the Italian Government, from the International Bank for Reconstruction and Development (IBRD) and from other sources including the Lebanese treasury. It is intended that the proceeds of the above financing will be applied to payments to qualified contractors

under contracts to be awarded for the following packages:

Supply of 80 compactor trucks for countrywide distribution and rehabilitation of 33 existing trucks in

B-Supply of 2800 containers for countrywida distribution;

C-Supply of mobile equipment (earth compactors, mechanical shovels, traxcavators, bowzers, ...) for Rehabilitation of the Karantina compost plant .

Operation and maintenance of the incinerator at Amrouslyeh (a suburb of Beiruf) and the compost plant in the Karantina area of Beirut; Operation of solid waste collection for Beirut.

The works will be executed under the supervision of consultants appointed by the Ministry of the Environment (MOE) and the Council for Development and Reconstruction (CDR) under donor guidelines. Contractors who have already implemented similar projects under tight control, are invited to apply for pre-

Reasons for not pre-qualifying any firm or consortium need not be given and no costs incurred in prequalifying will be reimbursed. Invitations for bidding will only be sent to firms or consortia which are pre-qualified. The CDR invites contracting firms or consortia interested in bidding for all or part of the packages to obtain pre-qualification documents starting January 27, 1993 from the:

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per Manufacturing Co. to create a company with annual sales of 815 billion yen (\$6.5 billion), the companies announced Friday.
Oji Paper's president, Kazuo Chi-

ba, will become president of the new company while Kanzaki Paper's president Toshihiko Kawamura, will become its chairman, the two men said at a news conference. The merger will take place in October.

The companies said they would merge on an equal basis, although Kanzaki will be dissolved. Five shares of Oji will be exchanged for every six of Kanzaki.

The merger will create the second-largest paper maker in Japan, oext to Nippon Paper Industries Corp., which will be created in April by a merger of Sanyo-Koku-saku Pulp Co. and Jujo Paper Co. Nippon Paper expects to control a 17 percent share of the market, while the Oji-Kanzaki combination will have 12.3 percent. Company officials said they ex-

pected the Oji-Kanzaki merger to create a company with annual pretax profit of about 17.5 billion yen.
The recent mergers have been prompted by the slump in Japan's paper industry. Japanese paper companies, which expanded ag-gressively in the late 1980s, are suffering from falling sales and rising depreciation costs.

THE STATE OF

The current state of the paper industry is just as you hear," Kan-zaki's Mr. Kawamura said. "We decided that the merger will make the two companies more stable and

better able to serve customers." A statement said the two companies have different types of products and the new company will be able to supply a wide range of pa-per products. (Bloomberg, Reuters)

Regotry New Merger In Japan's Paper Sector In Japan's Compiled by Our Staff From Disputches TOKYO — Japanese consumer prices rose at the slowest pace in four years in 1992, the government said Friday, giving policymakers ample room to spur economic growth. Tokyo — Oji Paper Co., Ja The government's Management Tokyo — Sanyo Slumps To a Net Loss Agence France-Presse TOKYO — Sanyo Electric Co. said Friday it had suffered Core inflation, which me inflation without the more fresh-food price component. Tokyo — Sanyo Electric Co. said Friday it had suffered

and Coordination Agency ap-nounced that the nationwide con-sumer price index rose 1.6 percent in the calendar year — the first time since 1988 that it had grown less than 2 percent.

The figures leave Japan with the lowest consumer inflation among major nations. Economists say the numbers signal that the Bank of Japan should do more to lift the nation out of a two-year slowdown. Geoffrey Barker, economist at Baring Securities (Japan) Ltd., said the bank would not have "a leg to stand on" if it refused to lower

rates. "There is no reason for it not to move," Mr. Barker added. By comparison, consumer prices are growing at a 2.9 percent pace in the United States and 2.6 percent

The agency also released data for Slow consumer spending caused by the prolonged economic downpercent rise in the consumer price index from a year earlier and no

yen (\$10 million) in the year ended Nov. 30.

Sanyo blamed a decline in capital investment and domestic consumption in Japan and a slow economic recovery in the United States and Europe. The loss reversed a net profit of 16.8 billion yen a year

Group sales dropped 3.2 percent from a year earlier, to 1.54 trillion yen. For the current year, Sanyo

expects a group net profit of 3.5 billion yen on slightly improved sales of 1.57 trillion yen.

to presage general price treads. turn here was the major factor behind the low inflation figures, but change from December. Tokyo prices were also kept down by bet-data are released one month ahead ter weather and favorable comof nationwide data and are thought modity price trends.

Distressed Shuwa **Bails Out of Retailer** Economists said reluctant consumers, hurt by small wage increases and fears of layoffs, had kept a tight lid oo retail price in-

creases and in some cases had actu-Core inflation, which measures Co. has sold its 17 percent stake in inflation without the more volatile the department store chain Matsufresh-food price component, rose zakaya Co. at a distress price of 24.08 billion yen (\$193.9 million), it 1.5 percent in Tokyo in January on the year, down from 1.9 percent in was announced Friday. December, and 2 percent in De-cember for all of Japan from 2.1

latest sign that B collapse in Japa-nese real estate values over the past three years had forced the privately held Shuwa to abandon plans to build a retail empire.

The buyer of the 26.464 million shares is a consortium of 24 compa-nies, most of which are life insurers, sidered good for the economy, but casualty insurers and banks. Maisuzakaya declined to mention the investors' names.

son for those trends to change anytime soon and that consumer prices
should remain fairly stable in the
foresecable future.

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price, 910 yen g share. But that is
should remain fairly stable in the
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growth. Banks and insurers often
act as an investor of last resort in
Japan, analysts said.

Matsuzakaya has one of the lowsale was made at an appropriate
act as an investor of last resort in
Japan, analysts said.

Matsuzakaya has one of the lowclosed Friday. Friday's price itself first three months of 1993, and af- was down 60 yen from Thursday's. Shuwa offered the shares in early

January and the parties have been oegotiating since then, a Matsuza-

kaya spokesman said. After spending years slowly

TOKYO - The financially trou- collection of retailers, usually bled real estate developer Shuwa against their will, Shuwa is now unloading these shares in an effort to stay affoat, analysts said. The company reportedly has debt of about I trillion yen.

News of the Matsuzakaya sale Analysts said the move was the comes less than a week after Japanese media reports said Shuwa was negotiating to sell its 29 percent stake in Isetan Co., another major Japanese retailer. Shuwa is likely to sell the Isetan stake to the supermarket chain operator Ito-Yokado, the reports said.

Analysts said the fact that Shuwa sold the Matsuzakaya stake to banks and insurers instead of to an investor in the retail industry re-Matsuzakaya's president, Kiko flected the retailer's relative unat-saito, told reporters that the share tractiveness due to its weak profit

est earnings among Japan's 10 big-gest retailers," said Harrison Bates, a retail analyst at W.I. Carr. In the half year to Sept. 30, 1992, Matsuzakaya's pretax profit dropped 70 per-cent, to 1.53 billion yen.

(Bloomberg, Reuters)

Very briefly:

· Ansett Airlines, the domestic Australian carrier, has been granted permission by the country's International Air Services Communication flights to Jakarta and Bali.

Australian dollars (\$36 million) to develop a small high-grade gold mine in Tasmania in partnership with Little River Goldfields NL.

trucking industry to foreign companies by the end of 1995.

• Eight Japanese carmakers, including the five market leaders, have forecast aggregate domestic sales of vehicles at 6.87 million vehicles in calendar 1993, up 5.1 percent from 1992; their forecasts are for exports of 5.28 million vehicles, down 0.7 percent.

w San Miguel Brewery, the Hong Kong brewer controlled by San Miguel Corp. of the Philippines, said net profit fell 42.3 percent to 52.5 million Hong Kong dollars (\$6.7 million) in calendar 1992.

Reiters, Bloomberg, AP

Strike at Cathay Crumbles

HONG KONG - A two-week strike by Cathay Pacific cabin crew collapsed late on Friday as the last few hundred holdouts agreed to join thousands of colleagues who already had returned to work at the airline, union officials said.

David Ngan, chairman of the Flight Attendants' Union, told members at an evening rally that he would notify the airline of the remaining strikers' intention to end the walkout.

His action came soon after a panel of the Legislative Council, Hong Kong's legislature, endorsed a resolution calling on Governor Chris Patten to appoint an arbitrator or board of inquiry to end the dispute. The panel provided a face-saving way for holdouts to return to work despite the impasse.

Nippon Steel to Pay 36 Billion Yen for NMB Nippon Steel will also assume 30 billion yen of debt. Minebea said it expected to suffer a net loss of 32

Compiled by Our Staff From Dispatches TOKYO — Nippon Steel Corp. said Friday that it had agreed to buy 56 percent of Minebea Co.'s troubillion yen in the year to March, mainly reflecting bled semiconductor-making subsidiary for 35.5 billion yen (\$290 million).

percent in November.

nomic slowdown.

Core inflation has not been at 2

percent since June 1990, and econ-

omists said it would remain at these

levels or decline for much of the

Low inflation is generally con-

deflation, when prices decline, can

exacerbate the problems of an eco-

Economists said they saw no rea-

'CPI should be subdued for the

ter that growth rates would only

slowly pick up." said Tony Nafte.

an economist at IDEA, a financial-

markets analysis firm.

The world's biggest steelmaker said it expected to expand the original-equipment-manufacturer business of the subsidiary, NMB Semiconductor Co., which now accounts for only 10 percent of NMB's annual revenue of 19 billion yen.

Nippon Steel officials said they hoped the purchase would not affect agreements under which NMB fursiches birate Lattices.

nishes chips to Intel Corp., Sony Corp. and Hitachi Ltd. Nippon Steel will pay Minebea, the world's largest bearing maker, 5.5 billion yen for the NMB stake.

Under the agreement, Minebea will be given world-wide distribution rights for dynamic random-access memory chips made by NMB, which will change its name to Nippon Steel Semiconductor Corp.

write-offs on the sale.

Industry analysts have warned that Nippon Steel will have to inject additional funds into the semiconductor unit, possibly as much as 25 billion yen. NMB's sales have plunged since 1989 and in the year to Sept. 30, 1992, it reported a pretax loss of more

than 12.4 billion yen.

(AFP, AFX, Bloomberg)

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Renison Goldfields Consolidated Ltd. will spend about 53 million

w Taiwan, under pressure from the United States, will open its container

w The Hong Kong government has once again delayed, until March 8, a decision to award a reclamation contract that is a key part of the

territory's controversial new airport project,

Forecasting: Science vs. Seaweed

F YOU had to forecast the weather, would you rely on a high-definition, computer-enhanced satellite picture, or a smelly old piece of seaweed? In most cases the sophisticated modern technology would provide a better guide as to what to wear over the weekend. But pleasingly enough — the old rustic with his piece of weed sometimes makes a better meteorological call than the supposed ex-perts. This week, readers are offered the rhetorical equivalent of a rancid piece of financial alga, just to find out if it smells.

The theory of the perfect market is our satellite picture. This pseudo-scientific ap-proach to market analysis has it that only relevant financial information is taken into account when markets price shares. Thus, a company's results (or expected results) are relevant in finding the correct price of a stock, but not the color of the chairman's

But academic research, notably from Princeton, has found some worrying holes in the idea that only financially relevant information is taken into account in market pricing. Apparently, market indexes tend to eschew closing exactly on levels ending with two zeros. Markets fight shy of, say, a 1600 closing price, and then leap over it. This is evidence favoring an inductive argument that there really is such a thing as a psychological barrier for a market (unless you argue the untenable line that the number at which an index finishes has some direct financial relevance to the stock price of a constituent сотрапу).

Seasonality, like the psychological barrier, is a piece of unscientific seawed that keeps making its presence felt. Readers may have seen articles in this section on the "January Effect" and the British axiom that investors should sell in May and go away.

Research from the U.K. investment firm Provident Capitol shows that over the years from 1986 to the present, investing just for the first quarter of the year would have seen average capital gains of 10 percent in the United States, Britain and Latin America. But investing in the last quarter would have brought average losses of 4, 4 and 11 percent respectively. As yet, oo one has even tried to explain why huying early in the year has M.B.

Funds: It's Good to Know Who's Minding the Store

By Judith Rehak

HE manager of your top-perform-ing mutual fund has just decamped to a competitor. Should you sell your shares? Or, your fund's share price has been headed south ever since you invested in it. Should you hang on, in hopes that the manager will get the boot and performance will improve?

The answer could be "yes" to both ques-

tions, according to a study just out from CDA/Wiesenherger, a U.S. fund data group. The survey, which covered 40 diverse equity funds, showed that returns from poor performers leaped from 69 percent below average to 27 percent above the norm in the five years after a new manager came on five years after a new manager came on board. Top-performing funds floundered af-ter their managers departed, slipping to 10 percent below average in the same period.

But financial advisers and analysts say you have to look beyond the statistics. "It may be true in the aggregate, but it could be dangerous if used improperly," said Lori Lucas, an analyst with Morningstar, a mutual fund data group. "You shouldn't sell a fund just because X replaces Y, " said Burton Berry, a San Francisco adviser who selects funds for his clients.

Here are some of the issues that can im-

Here are some of the issues that can impact your fund's performance, no matter

who is in charge.

• Investing styles

Most funds are committed to an investing style. For example, value investors seek out companies with underpriced and unrecognized assets while growth investors focus on firms with prospects for rapid earnings

"In certain periods, value will do better than growth, or perhaps international equi-ties will be hot," said Mr. Berry, "Market leadership is revolving continuously, and that's more important than the manager." For example, after sub-par performance for nearly seven years, small company funds are now leading the pack, rising 15.96 percent in the last quarter of 1992, compared with a meager 5.02 percent for the S&P 500 index, made up of big hlue-chip companies.

Sector funds

The boom-bust performances of funds that specialize in one industry can leave the most astute manager with nowhere to turn if a sector turns sour. Fidelity's Select Biotechnology fund soared 99 percent in 1991. But the fund plummeted 22 percent last year, and its manager, Michael Gordon, moved on to another Fidelity fund. Had he lost his touch? Hardly. "All biotech funds did well to the end of 1991, then they went to hell in January of '92," said Mr. Berry.

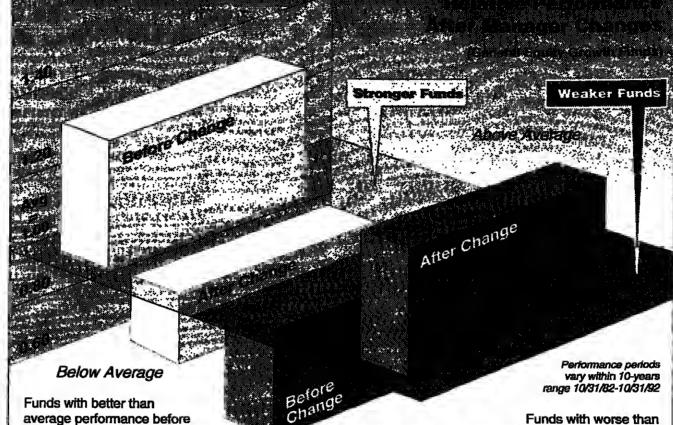
Although the Wiesenberger study did not

include sector funds, they show what can happen to the performance of a diversified fund if a manager places a big bet on a certain industry. For example, any manager who took a stake in heavily depressed bank stocks a year or two ago is looking stellar right now, as U.S. economic recovery picks

a manager change

 Investing guidelines
 Is your manager hemmed in by parameters that hurt the fund's performance? One frustrated manager of a poorly performing foreign stock fund was required to keep a stake in Japan, even though he was negative on the Tokyo stock market. He finally left the management company to start his own fund, where he has turned in a solid track

Company culture
The most frequently cited fund that con-



tinues to perform well despite manager changes is Fidelity's giant \$22 billion Magellan fund, now on its second manager since the departure of star manager Peter Lynch more than two years ago. Its success is attributed to the Fidelity culture, which sometimes appears to be playing musical chairs with its fund managers, switching them frequently among its 145 funds. "Changes are much less significant than at other funds because they have a pool of exceptionally bright managers, with a work-aholic culture, plus considerable interaction among managers and analysts," said Eric Kobren, editor of Fidelity Insight, a newslet-

average performance before a manager change

ter devoted to Fidelity funds.

If anything, Magellan's performance is more likely to be affected by the difficulties

of managing its sheer size. Some industry observers believe that Fidelity will eventual ly have to split the fund in two.

Some groups have multi-managers for their funds. For example, the Twentieth Century and American Funds groups, two successful money managers, use two or three persons to run a fund, so that if one leaves, the investing style remains intact.

But what about the far more difficult decision to stick with a money-losing fund?
To be sure, there are some classic turnaround stories: The Kaufmann fund, a small
company vehicle, had a "checkered past," said Ms. Lucas of Morningstar, before two new managers took the helm five years ago. Today it is the No. 1 U.S. equity fund, up 355 percent for the past five years.

ONALD Yacktman took the undistinguished Selected American Shares fund, changed its investing style, and produced a 16.6 percent annual gain over the past nine years, compared to 14.7 percent for the S&P 500.

But after a falling-out with management last year, he started his own fund. Firs followers voted with their feet, bailing out of Selected American and providing a before

Selected American, and providing a hefty chunk of the Yacktman fund's \$81.5 million

One thing that the Wiesenberger study definitely reaffirms is that you should keep tabs on who's minding the store at your

This is not as easy as it sounds, since fund companies are not obliged to reveal the names of their managers, much less the de-parture of a star. (Only closed-end funds, a tiny part of the fund universe, are now required to make names available).

"It's up to investors to do their homework," said Steve Savage, the editor who supervised the Wiesenberger survey. "You can buy Barron's [a financial weekly that carries a quarterly fund report with the names of managers, or call up your fund company and ask them about the manager and his style. Is it a clear-cut case of a star manager, or was he just a cog in the wheel? If yon're comfortable with the way they run the fund, then stay with it."

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How to Take the Measure of the Managers

International Herald Tribune

OME analysts argue that being good isn't enough. What really counts is that a fund be consistently good. And just to complicate matters, the word good" in this context is relative - it means being better than other fund managers operating in the same investment sector.

Chris Poll, chairman of the financial analysis and global fund monitoring group Micropal, says that performance figures alone are

"What counts is a fund's performance in the context of the sector as a whole. Is the sector against a broad base of funds is not

Micropal measured the performances of three funds - Fidelity Select Biotechnology, Magellan and the Kaufmann fund - against the average performance of U.S. equity funds with an aggressive growth strategy. The results are illuminating.

The Magellan Fund did not just continue

to rise in price after the departure of manager Peter Lynch. It also continued to outperform the average aggressively oriented growth fund manager — up to a point. Toward the end of the first quarter of last year the fund

began to underperform the average.

The manager has changed more than once since Mr. Lynch's departure, and at first that sector in or out of favor? Looking at the didn't make a difference. Later on it did,"

The case of the Kaufmann fund is a prime example of why performance alone is not enough, according to Mr. Poll. The fund underperformed the average sector performance by around 30 percent in 1987. The latest figures show the Kanfmann fund some 30 percent better than the mean.

But Micropal's analysis focuses on the change of manager in 1988. "Since the new man's been in, the fund is 60 percent better than the average - although there have also been periods of underperformance."

The Fidelity Biotechnology fund's performance is attributed by Micropal more to the inherent volatility of the sector than a management change. The fund was a big winner, and lost its gains when the sector turned sour.

'Multiple Currency' Warrants on Amex

HE latest dollar play was launched on the markets this past week as the Americao Stock Exchange (Amex) announced the opening of trade in multiple cur-

Investors may find the term "multiple currency" confusing. In fact, the warrant offers a play against the composite strength of three major currencies in action on the foreign exchanges.

The warrants are priced accord-

man mark and the British pound — worldwide equity markets," said the Amex chairman, James R. lion each day on the world's mar-

The new contract is seen as offering a speculative play for those who want to take a position on the dol-lar, or as a tool for hedging portfolios iovested io ioternational

ing to the strength of the dollar against the Japanese yen, the Gerare of vital importance to today's

on each day on the world's marets.

The day-to-day movements of

The day-to-day movements of

HE warrants have an ef-

the currencies against one another warrants to fruition than the preis measured in an equally weighted sent. Investors now have another index of major currencies, against which the dollar warrant will be ation of the U.S. dollar."

fect similar to call op-tions — they confer the right to buy the underlying security (in this case the dollar) at a certaio price, and will increase sharply in price if the dollar's value climbs.

Investors have the choice of buying and selling the warrants themselves (this route will be favored by those who treat the instrument as a speculative play) or actually set-tling in cash and requiring delivery of the dollars at the specified price. The latter route will normally be favored by investors with portfolios of non-U.S. securities to pro-

The warrants expire in January 1996. The U.S. securities house Paine Weber Group Inc. has made the issue. Trade on 22,000 warrants, underwritten jointly by Paine Weber and Nomura Securities International, began last week.

BRIEFCASE

S&P Depositary Receipts Start Trading on Amex

Trading began Friday on an interesting indexed concoction called an SPDR, also known colloquially as a Spider. Listed on the American Stock Exchange, it is a hybrid of a closed-end fund and an open-end mutual

fund, and a little like a stock, too.

Standard & Poor's Depositary Receipts are shares in a unit investment trust that holds a batch of stocks that make up the S&P 500 index. The receipts are offered in bitesized chunks equal to about one-tenth the value of the underlying index. The S&P is around 440 oow, so SPDRs would be priced

Most unit investment trusts have a limited number of shares, meaning they can trade above or below net asset value, not desirable in an indexed product. SPDRs get around this by having an elastic float, explained Steven Bloom, vice president for new prod-uct development at the Amex. The trustee, in consultation with the specialist who controls trading on the exchange floor, can issue or redeem shares each day.

Another interesting feature is that the minimum tick size and spread between the bid and offer prices is a razor-thin one-thirty-second of a point, Mr. Bloom said, and the fund's expense ratio is expected to be no more than 0.20 percent of assets per year.

When SPDRs start getting expensive is when the brokerage commissions are tacked on, coming and going. Most index mutual funds have a nominal charge of maybe \$10 a

year to get into and keep fund shares.

True, Mr. Bloom concedes, but SPDRs can be bought on margin and sold short, two

advantages over open-end funds. Also, he said, they can be traded intra-day and not just at the closing net asset value, so a share-holder, at least theoretically, can get in or out at a better price. In practice, however, it is unlikely that a trader with ordinary human analytical skills can time an intra-day entry or exit point accurately enough to make back the one or two percentage points paid out in

Offshore Insurance Group Offers a 'Bond' Life Policy

J. Rothschild International Assurance, a newly launched offshore subsidiary of the British insurance group J. Rothschild Assurance Holdings, has a new investment on offer. Investors willing to write a check for £5,000 (or the equivalent in any major currency) can choose between funds denominated in dollars, sterling or German marks. Investors can choose between a range of risk profiles in managed funds in each currency, or opt for an index-tracking vehicle.

Although the product is called a "bond" it is nothing like a U.S. Treasury or a corporate bond. Investors buy a life insurance policy, which then commits the proceeds to the chosen funds. The life cover is little more than legal fiction for what is really an investment product: If investors die, their cover is just 101 percent of the value of the funds,

The industry claims that life cover helps investors switch between funds. Maybe, but watch out for charges. In this case, the insurance company takes 1.5 percent annually, and the fund managers take a total of 2 percent annually. There is an establishment charge for the first five years of 0.75 annual-

ly, repayable over the next five years. The charge is made "in respect of the value of the bond representing your initial investment"—this is not the same thing as a percentage of your initial investment.

The fund is registered in Duhlin, with attendant tax benefits. For more information, call J. Rothschild International in Dublin (353 1) 761122.

Booklet Test Draws Portrait Of the Small Entrepreneur

Budding small-husiness owners who want to know if they've got what it takes to make a go of it (besides the usual keys to success like go of it (besides the usual keys to success like connections and wads of money) can send away for a booklet from the Northwestern Mutual Life Insurance Co. called "What's Your E.Q.?," or Entrepreneurial Quotient.

The booklet contains a quiz in which readcrs answer questions designed to explore facets of their personality that Northwestern Mutual's researchers correlate with success or failure in running a small business. The insurer has many policyholders who own small businesses.

By Kerin Keller

Curiously enough, many of the traits that seem to make a good entrepreneur also fit the stereotype of a good serial killer, preferring to spend much time alone as a child, not joining clubs, mediocre grades. Others run more in line with the standard small-busness owner's profile; adventuresome, willing to borrow money and work long hours, a

long history of entrepreneurial endeavors from lemonade stands on up.

The booklet costs \$3 to cover expenses and is available from: Northwestern Mutual Life Insurance Co., PO Box 1913, Milwan-kee WI 53202

214.2021540 | Gen'i Acc

THE MONEY REPORT

* 'Demerging' to Avoid Demise...

By Rupert Bruce

HAT do you do with an ailing institution? The world's corporate giants, somewhat like the British monarchy, have spent the last year or so trying and failing to find an answer to that question. The financial fortunes of both IBM Corp., the American computer multinational, and ICI, the British chemicals concern, have deteriorated as their industries have entered a period of rapid change. But, while the British queen's problems have been made worse by separation and divorce, for IBM and ICI the answer may lie in "demerger."

Demerger, a misleading term because it implies there was a merger in the first place, is banker's jargon for splitting a company into two or more of its constituent businesses. The offspring that emerge each have their own board of directors and, if they are quoted on a stock exchange, have separate listings. The purpose of demerger is to revive a company's flagging commercial fortunes, or simply to lift its share price.

. . .

Managen

Courtaulds, a British chemicals and textiles company that de-merged in March 1990, did so pri-marily because its management felt it was running two businesses set on divergent paths. One, which re-tained the name Courtaulds, was an international chemicals company, and the other, which became Courtanids Textiles, was largely U.K.-based. Demerger would leave both businesses free to concentrate on their own problems and opportimites without distraction from the other.

ACAL, a British electronics business that has undergone a series of demergers since October 1988, has done so purely to increase shareholder value. Partly as a defense against hostile takeover. Racal floated off first Vodafone, its mobile phone business, and then Chuhb Security.

This is known as the "sum of the parts is worth more than the whole" argument. It contends that if a company has a range of different businesses, the stock market will value it according to the earnings potential of the least profitable. But, if you split the businesses up, then the more profitable get appropriately high ratings and the aggregate value of shares increases. Both in the case of Courtaulds

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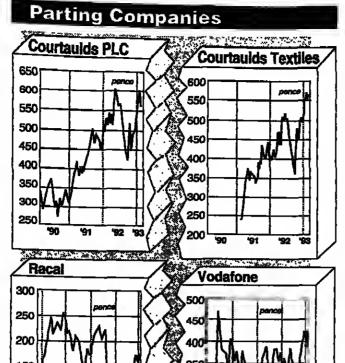
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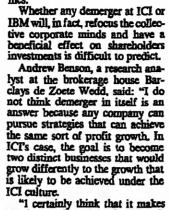
and Racai, the demergers seem to have been a success. A shareholder in either of these companies who asserted the demonstrated by the ICI board would enable each accepted the demerger terms and kept the new shares would be sit-

100

If ICI or IBM Corp. were to choose demerger as a panacea for their corporate ills, then their mo-tives would be similar to Courtaulds' and lie in a desire to improve the performance of their

ICI's chairman, Sir Denys Hen-derson, announced last July that the company was considering proposels to split itself into two sepa-rate public companies. One, called ICI, would comprise the paints, materials, industrial chemicals, explosives and surfactants businesses. The other, to be called Zeneca, would comprise the pharmaceuticals, agrochemicals, seeds and spe-cialty chemicals businesses.

at SG Warburg in New York, said: "The company has hinted this is a possibility. In 1994/1995, we will see a number of actions taken by the company Mr. Wu believes that the discdrive business, the personal computer business, and the high-end printer business will be spun out. IBM is already well down the road to demerger. In December 1991, it announced a restructuring that has created what IBM likes to call "a federation of 13 compa-

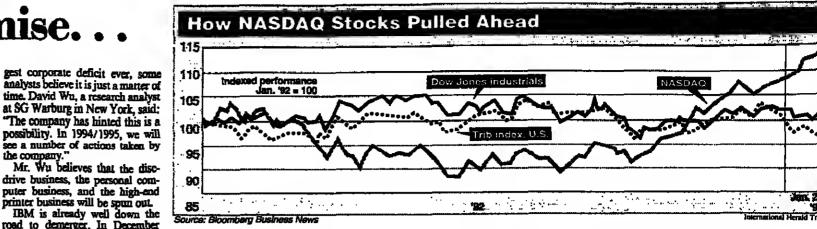


good strategic sense and I am find-

R. Benson also thinks that ICI shareholders should benefit from the effect of Zeneca entering the highly priced pharmaceuticals sector. company, post-separation, to re- Other analysts, however, are conspond better to economic circum- cerned that the demerger might be ting on a handsome profit and have stances and to the major changes accompanied by a cut in the total outperformed the U.K. stock mar- facing the chemical and pharma- dividend pay out, which would depress the shares.

As for IBM, Mr. Wn said: "The benefits for shareholders are that demerger will result in divisions being forced to be profitable. That is a forceful way of making divisions be efficient. In the old days mainframe made so much money that you could hide behind the mainframe earnings. These days there is no longer that shield,"

to go ahead with demerger at its board meeting on Feb. 24, "in the The decline of IBM, he says, is like that of the British Empire. "All light of the prevailing economic and market conditions." Many anbusinesses or empires sometimes get to a size where they no longer succeed and when they go down, overheads have to be addressed, in alysts feel that little short of a stock IBM, on the other hand, has yet the case of IBM, it is corporate to announce a split. But following headquarters staff, in the case of its recently revealed full-year loss Britain, I guess, the queen has to At the time, Sir Denys said: "I of \$4.96 billion, reportedly the big-pay taxes."



.And the Beauty of Being Small

By Conrad de Aenlle

AST year wasn't one for making big money in big American stocks. The averages that represent larger companies spent most of 1992 deciding where to go and in the end hardly budged. Many of those that did move, like IBM, moved

the wrong way.

A better place to be was in smaller issues
The Nacdar composite traded over the counter. The Nasdaq composite index of OTC stocks showed a healthy rise of nearly 15 percent for the year and last week poked through 700 for the first time, before falling back late this week.

By contrast, the blue-chip Dow Jones indusing the arguments as they evolve trial average eked out a 4 percent gain, and the increasingly compelling." ont a 2.24 percent loser for the year. One factor accounting for the underperformance of Trib USA is its heavy weighting of drug companies, which make up four of the 20 components. All

four lost ground last year, two hy 20 percent. The small-cap raily has gotten a lot of coverage because of the so-called "January Effect": the tendency for small stocks to outperfom at this time of the year. Indeed, the January Effect is one of the few forecasting perennials that has held up after the public has had enough time to

digest it and try to take advantage of it.

The updraft that carried the Nasdaq composite to new highs this January was actually the culmination of a two-year advance, John Bal-len, manager of the MFS Lifetime Emerging Growth Fund, credits several factors with propelling the long bull market.

Price-to-earnings ratios are running about 20 percent higher for OTC stocks than big-caps, he noted. That's near the bottom of the range, which runs from no premium at all, which was the case when the move started at the end of 1990, to about double the P/E ratios of bigcaps. The higher valuations are justified by the stronger earnings growth routinely shown by smaller companies, he added.

Mr. Ballen said prices have been pushed high-er, as well, by a belief that the U.S. economy is finally rebounding, something the market deems especially helpful for smaller businesses, and by the favorable competitive environment in which many smaller companies find themselves.

waves that last several years, he noted. They outperformed big-caps for six years until 1983, then the high valuations brought in a lot of money to small companies through initial public offerings (IPOs), competition got tight and a lot of them went out of business or at least saw their earnings fall, and their share prices went with them for a few years.

The competition outlook remains favorable except in the biotech sector, he said, pointing out that "there have been a lot of IPOs the last couple of years, and they can't all be successful."

Analysis say the small-caps have gotten a boost from an unlikely source: President Bill Clinton. Richard Freeman, who manages \$500 million in small-cap, aggressive-growth funds for Shearson Asset Management, explains the Clinton Factor this way: "Psychologically, moving to a younger administration, one that has been very vocal in how we have to stress science, fiber optics, networking and keeping our dominance in technology, has helped P/E multiples in the group."

Eventually, though, reality has to set in. That will take the form either of higher earnings or lower share prices, he said. "In the final analysis, if the companies that have done very well in the stock market disappoint with earnings, elearly the stocks will suffer. Hype gets you so far, but you must have earnings momentum to sustain price movements."

Perhaps because of the Clinton connection, the small-cap rally is pretty much an American phenomenon.

"I don't think we're seeing the same surge yet in European small-caps as we are in the States," said Richard Davidson, European equity strategist for Morgan Stanley. "The exceptions are Switzerland and the U.K." Britain's pullout from the European exchange rate mechanism has been the catalyst.

"That has led to hopes of economic recovery," he said. "These stocks are domestically oriented; higger companies are international, and so would receive less of a benefit from the lower interest rates that accompanied the ERM pullout and the more robust economy in Britain that may follow.

As is the case with just about every other bit of data that can be extracted from the stock market's performance, forecasters offer varying

payments can be replaced by

changes, and although relatively few loans are made to companies in

the Middle East, an increasing

Equity funds may appear a safer bet. But, as a number of Western

banks have learned the hard way, there are surprisingly few shares

available that are not tainted by

gains from interest or commodities

forbidden under the Sharia. Islamic

equity funds can be volatile be-

cause they are based on a small number of shares. Several Western

banks have experimented with

funds in recent years but problems

However, returns on many fi-

nancial products have rivaled or bettered Western equivalents be-

ments and wide geographical spread, bankers said. Another sell-

mer Soviet Union.

Small-cap stock prices tend to rise and fall in interpretations of the blossoming in OTC stocks that have contradictory implications for the course of the general market.

Their strong showing compared with big-cap averages, is good, some say, because it reflects a broad base of support for the market, not just a dwindling supply of money chasing the bluest chips. Vast sums certainly are pouring into small-

company stocks, to the point where Nasdaq volume often exceeds New York Stock Exchange volume. Much of that buying comes from small-company growth funds, whose assets have nearly quadrupled since 1987, from less than \$8 billion to more than \$29 billion, according to Lipper Analytical Services.

Capital from these funds has helped som small-caps to grow into hive chips. Mr. Freeman noted that Microsoft, a Nasdaq stalwart, now has a bigger market capitalization than International Business Machines. It and other Nasdaq stars like Amgen, MCI Communications and Intel have been the prime movers driving the index to new highs.

All this makes the more somber market observers nervous. They see the boundless affection for small stocks as a sign of the kind of rampant speculation often seen at market tops. A fax sent hursday to subscribers of the Elhott Wave Theorist newsletter said that the Nasdaq's surge past 700 brought it up to a resistance line dating back 20 years, and that the index will turn down from it, as in six other instances.

Such warnings aside, the prevailing outlook for small-caps is positive. Mr. Davidson thinks continental Europe will begin warning to them, only not right away: "I think there will be a fairly strong catchup effect sometime, maybe not this year but in '94 or '95. These stocks do catch up with hlue chips at some stage, and they have a period of outperforming them."

The American small-caps are enjoying such a period now, and Mr. Freeman believes it can go on for some time.

"If the economy continues to get better and earnings continue up, you could have pretty good performance for the next couple of years," he said. The catch is that profit growth cannot let up. "You have to have it right now. Stocks that have done well based on a certain valuation of earnings, if the earnings don't come in, the market could be disappointed."

Westerners Look at Risks and Rewards of Islamic Banking

By Aline Sullivan

centical industries. Even more im-

portantly, the skills, energy and de-

termination of their employees

would be more effectively deployed

to capture the considerable global

opportunities which will develop as the 21st century approaches. Share-

holders, employees and customers would all benefit from the pro-

ICPs board will decide whether

posed new structure."

market collapse will stop it.

ern bankers eager to offer a new Islamic principles.

The limited number of investment opportunities in the Middle

tions vary, but bankers must avoid charging or benefiting from inter-est, which is viewed as usury, and

lamic banking principles, ABN-ment banking unit in London. "Is-Amro provided a forward purchase lamic banks do invest in the Middle agreement. The AHL-BN fund has East but also everywhere else," he

at London-based investment group because people respect the morality E.D. & F. Man Ltd. Three years ago, Mr. Kelly's company devised a can. "There is certainly a growing possible areas of growth if interest banks are likely to invest in companies on HE run on Kuwaiti fund for Dutch bank ABN-Amro's demand for Islamic investments. banks earlier this month Bahrain office, called the AHL-BN The demand is coming from everyspurred interest in Islam-fund, that allowed investors access where; the Far East, the Middle ic banking among West- to futures but in accordance with East and around the world."

home for money dislodged by the threat of renewed conflict in the Middle East.

Islamic banking is based on interpretations of the Sharia, the transportations of the Sharia, the transportation of the Sharia, the transportation of the Sharia, the transportation of the Sharia and the transportation of the transportation of the Sharia and the transportation of the transportation of the transportation of the transportation of the Sharia and the transportation of the Sharia and the transportation of the transportation of the Sharia and the transportat

A number of banks are also mar-Western banks selling Islamic in-Geneva-based investment bank

Der al-Maal al-Islami (DMI) plans crease, he said.

to expand its operations in Europe
"The products are of interest to and the Far East in response to growing demand, said Ashraf Uz Zaman, senior vice president in charge of strategy.
"We are trying to develop a secondary stock market for our prod-

ucts," said Mr. Zaman. "We are diversifying into medium and longterm investments." The bank is active in trade finance, particularly in Asia. Many of its recent deals have been done in conjunction with Western banks and most of these were oversubscribed, he said. Demand for Islamic investments

in London alone is up by at least 20 percent, according to Khalid Bahmia, managing director of Albar-aka International Bank. The bank's London office has about £150 million (\$230 million) in deposits. "The big drive now is to develop

investments that can have a sec ondary market and are Islamically

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like to point out that no Islamic the Arab boycott list, for example.

charges related to the pay-back pebank has failed. Islamic banks publicly deny that Apart from deposit accounts, the convoluted politics of the Midwhich profit from their participa-tion in a bank's commodities traddle East have any impact on their investment strategies or otherwise determine their behavior. ing, trade finance and equities are

the traditional Islamic investments. Both carry risks. Trade arrangements can be vulnerable to political Zaman. "We are living in the mod-

cm world."

Some bankers, however, acknowledge privately that political considerations are likely to play a

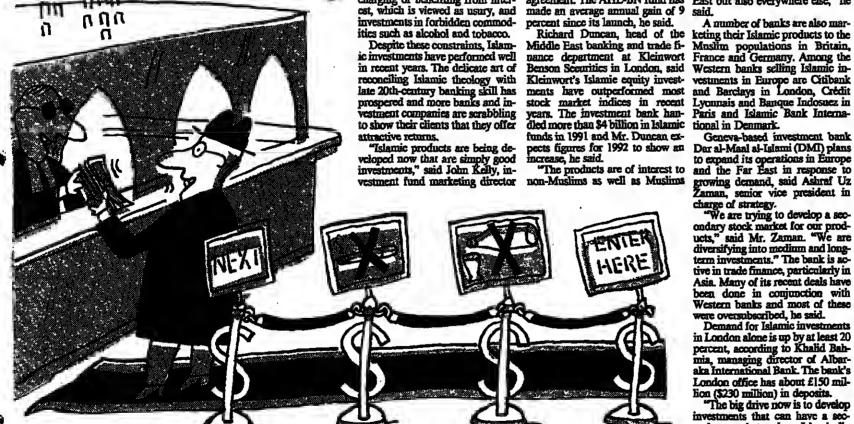
are looking for opportunities to branch out into new markets, rather than concentrate on tried and tested products. "We keep politics completely outside our transactions," said Mr. Zaman. "We are living in the mod-

But in the main. Islamic banks

ples," said Mr. Kelly. "For us, looking for partners and participants is the way forward. The Is-lamic investment side of our busipart in their investment decisions, ness could be enormous."

number are being made to bur-geoning capitalists in the Muslim countries of the Far East and for-Invest with confidence in a Lombard Fixed Deposit with their interpretations of the Sharia and disappointing returns meant that most publicly quoted Islamic equity funds are now con-fined to Bahrain and other Gulf Account and earn One year period with interest rate guaranteed not to change during the deposit term. Minimum deposit £1,000 - higher rates available on sums of £25,000 up to £250,000. Interest is paid at the end of the deposit period. The rate shown assumes no deduction of tax and is correct at the time of going to press, but may vary. Details of our current rates are available **Lombard DEPOSIT ACCOUNTS** To: Stephen Carter, Lombard North Central Pic, Banking Services Department 1394, 38a Carzon Street, London WIA 1EU, England, For full details of our range of sterling deposit accounts pieuse use thi NAME (Mr./Mrs./Miss/Ms)_

A member of the National Wastminster Bank group wi



Merrill Lynch May Close Retail Network in Japan

By Kevin Kelleher

Bloomberg Business News F YOU'RE a foreigner in Japan and only a small-scale player in the stock market, where can you go to invest your money?

Until this week, the answer was Merrill Lynch Japan Inc., which prided itself on welcoming oven the most penny-ante expatriate with a yen to play the market.
But soon, the local subsidiary of Merrill Lynch & Co., the largest scourities house in the United States, may close down the only foreign retail network in Japan, giving foreign residents little choice but to

take their money to a Japanese brokerage. A Merrill Lynch employee said that the company plans to eliminate its retail business for Japanese individual investors and is considering turning over its business for

brokerage. "Merrill Lynch was always the one house that spoke English and would han-dle retail business," said Fred Hochberger, an active investor in Japanese equities during the 1980s bull market. Mr. Hochberger

is now a senior trader at Baring Securities. A three-year stock market slump is forcing all but a handful of foreign brokerages to cut staff and is pushing Japanese bro-kerages into the red. Most analysts are calling for a stock market recovery to begin later this year.

When a recovery does come, expatriates in Japan wanting a piece of the action may find that Merrill Lynch will not be there to

Individual foreign investors in Japan are a small but affinent group. The American Chamber of Commerce of Japan has 1,500 executives and high-level managers

foreign individual investors to a Japanese as members. In addition, there are thousands of salesmen, English teachers and other workers.

When Japanese equities were raging to all-time highs in the late 1980s, Merrill set up retail chains in six cities to make trades for foreign residents and lay the foundations of a network to tap what was then a strong demand for stocks by Japanese in-

Earlier this past week, a Merrill Lynch spokesman said the company planned to close only three offices and cut about 36 of its 180 jobs on its retail force to focus efforts instead on capital markets, bonds and derivatives.

Where could foreign individuals turn? Wealthy individuals can knock at the door of other foreign brokerages. The most suc-cessful, such as Morgan Stanley Japan and Salomon Brothers Asia, have thrived because they shunned retail business in the bear market, focusing on sales to institutional investors. As for smaller investors, one trader sugrested they would be better off investing

in a mutual fund, or the Japanese equiva-lent, investment trust funds operated by brokerage affiliates. The larger Japanese brokerages, in an effort to project a more international image, are taking on English-speaking sales staff. They are only too happy to take money from investors, regardless of na-

tionality. Analysts said Japanese brokerages have a poor track record as far as individual investors are concerned. One of the main causes for the stock market slump has been a cynicism among small investors that Japanese houses rigged the market in favor of larger, privileged clients.

A Pressure-Cooker Question for Bills: 'So What's New?'

By Michael Wilbon

Washington Post Service
LOS ANGELES — The Buffalo Bills' Super Bowl history consists of losing to the New York Giants on a missed field goal and get-ting blown out by the less-talented Washington Redskins; of Thurman Thomas misplacing his helmet, Andre Reed throwing his, and players bickering over which one was most like Michael Jordan. The lowlights go on and

The question for the Bills, one the eve of Super Bowl XXVII — their third straight attempt to win a championship — is: What's different this time? Why should we believe that Sunday in Pasadena, California, will be any different from Sunday in Minneapolis or Sunday in Tanna Florida? A ma't these the Sunday in Tampa, Florida? Aren't these the same players, running the same no-huddle offense, coached by the same Marv Levy, representing the same AFC that has lost eight straight Super Bowls? Is there some reason we should believe that the Dallas Cowboys

won't win, 73-0? Even though the action Sunday is the only action that will ultimately matter, the Bills' pregame actions, almost without exception, have suggested this is a different team.

By Thursday of Super Bowl week in Tam-pa, it was obvious that Bills-Giants was going to be a lot closer than need be - the Bills were young and loud and out all night. By Thursday of Super Bowl week in Minneapolis, it was obvious that Redskins-Bills would be not so much a game as a mercy killing the Redskins were in extra film sessions while the Bills were standing atop tables beating their chests and screaming, "Look at me!" Each Sunday was just a reflection of what the Bills did all week long, which was obviously not enough as it pertained to football.

"We're going to conduct ourselves in a different manner," Bruce Smith, the defensive end, promised on Day 1 of the 1993 Super Bowl week, "and from that standpoint we should be able to come out successful."

Cornelius Bennett, a linebacker, started his "Let's Try Something Different" campaign even as the AFC title victory over Miami was ending. "I went to the guys and told them to handle it with class," he said. "We've cele-brated two AFC championships in a row, and it seemed that's where we left it. We celebrated heading into the Super Bowl rather than

concentrating.
"Now we're focused every day. I think we

are paying attention to detail and not being caught up in the limelight. We understand we are here for business purposes and that's the way to win the Super Bowl."

Two crushing losses, and two years of having to put up with questions about choking will make you re-evaluate what you've done, even if the criticism is unfair, even if you lost one game by inches, even if you've got the

'Now we're focused every day. We understand we are here for business

purposes.' Cornelius Bennett

best record in the league over the last five seasons. Levy, the thoughtful coach, is too smart to stand pat. "This isn't a normal week no matter how you cut it," he said. "We tried to do it that way two years ago, prior to Super Bowl XXV."

It is impossible to find a Buffalo player who does not feel that the 32-point comeback victory over Houston in the first round of the playoffs proved "amething about the team's tenacity and rescutteness. It has affected every practice and the two playoff victories

Talent has not been Buffalo's problem in the last two Super Bowls. The Bills were light years ahead of an aging Giants team in XXV and patently bett- at most positions than the Redskins in XXVI.

No, the problem was not talent. Producing under pressure wa the problem. Maintaining poise was the problem. Finding one's helmet at the start of the time was the problem. So if the victory over Houston helps the Bills with things between it e ears as much as things between the lines, why not use it?

"Normally," Levy said, "I would tell the team to put a game behind them as soon as

it's over. But not with Houston. The Houston game has had a carryover effect, and I haven't tried to dampen that. This team now thinks it can do anything, and that's good. They think they can win if they don't give up." So there has been a certain quiet confi-

dence about the Bills this week, a sense that they don't have to be lond and obnoxious. "I told them they could profit by what hap-pened in the past." Levy said.

"I told them they didn't know how bright the media glare would be until they got there, how everything they say can become a headline even if you don't mean it to be. I haven'ttried to make distractions the issue. I've made the game the issue. I think this is a smarter team in terms of being able to concentrate on their game preparation and understand that the hoopla and hype around the game can be

part of the fun, not the irritation."

The Buffalo Bills have come with a better attitude; they have come with a better defense, and they have come prepared to put the experience of having been in two Super Bowls to good use.

Only one other team, the Mismi Dolphin of the early '70s, has been to three straight Super Bowls. So even if the Bills fail to score a point, there is already honor in what they have done. But should they lose, the Bills will not be lumped with those Dolphins; they will he lumped with the Denver Broncos, who lost three times in four years, and the Minnesota Vikings, who are 0-4.

At least this time, regardless of the out-

come, it appears the Bills will leave knowing they have done everything possible to make the third Super Bowl experience different.

Dallas Has Spread,

Buffalo the Pressure

New York Times Service

Key stats: Cowboys have played in league record 40

postsesson games with record 23 wins but most cur-

rent players have played in only four postseason

games; team has won seven of last eight versus AFC teams and is 26-1 when Emmitt Smith makes 20 or

more carries. Bills are only second team to make three straight Super Bowl appearances; are 4-0 versus NFC

SUPER MATCHUP

this season including wins at San Francisco and at New Orleans; team under Coach Marv Levy is 61-7

when it outrushes opponents, 12-31 when it does not.

Key Matchines: James Lotton vs. Kevin Smith —

Lofton has the saavy at receiver of 15 years in the league, 791 catches and 234 games. Smith, a rookie cornerback, has the speed and ability to cover mistakes.

Mark Tuines vs. Bruce Smith — Tuines at left tackle

figures to get help in blocking right end Smith. It could

Thurman Thomas vs. Vinson Smith and Ken Nor-

ton - Everyone knows about Thomas' daring and

darting running, but he is as dangerous as a receiver. Smith and Norton must track him downfield.

Comment: Dallas enters with less pressure because

of its youth and the expectation that in the '90s it will have more chances at more Super Bowls. Buffalo

enters with the pressure of possibly becoming the first

The Dallas defense allowed only a 27.2 percent success rate on third downs during the regular season, and 26.3 percent in its two playoff wins. Substitutions help keep the Dallas defense fresh, but the Cowboys

are uncertain how frequently they can substitute ver-sus Buffalo's no-huddle scheme. On paper, Dallas has the edge. On the field, look for Buffalo, with its best

defense ever in a Super Bowl, to provide just enough punch. The Cowboys, though, are favored by 61/2 points.

team to lose three consecutive Super Bowls

prove a necessity.

BILLS (14-5) vs. COWBOYS (15-3)

The TV Listings

The Super Bowl on Jan. 31 (Feb. 1 in Asia), is to start at 2318 GMT and, according to the National Football League and the networks involved, will be telecast live or on a delayed basis in the following countries: (All times below are local)

EUROPE Belglum: Canal Plus, live, midnight.

Britain: Channel 4, live; pregame show starts at 10:35 P.M. Denmaric TV3, five; midnight. France: Canal Plus, live, midnight. Germany: Premiere, live, 12:15 A.M.; Sports-

kanal, taped, edited down to two hours and shown Feb. 2 at 7:30 P.M. treland: Channel 4, live; pregame show starts at 10:35 P.M.

Italy: Telepio, live, 11:45 P.M. Norway: TV3, live, midnight. Spain: Ganal Plus, live, midnight. Sweden: TV3, live, midnight. in Europe, the game, edited down to two-hours, will be re-broadcast on Tuesday, Feb. 2, at 1830 GMT by the cable network Screen-

2, at 1830 GMT by the caute neutric server aport in the following countries: Austria, Belgium, Britain, Croatia, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Luxembourg, Nether-lands, Norway, Poland, Portugal, Stovakia, Slovenia, Spain, Sweden, Switzerland and

all the same

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Australia: ABC, live, 10 A.M. (Sydney time). Chine: Oriental TV, Tienjen TV, Shenchen TV,

Liso Ling TV, live.

Hong Kong: TVB, live, 7:30 A.M.

Indonesia: RCTI, check local listings.

Japan: NTV, live, 8 A.M.; DBS Channel One, taped, from 7-10 P.M. Monday, Feb. 1.

Malaretic Refer TV Malaretic check local list-Malaysis: Radio TV Malaysia, check local list-

New Zeeland: Sky Media, live, noon. Singapore: SBC, live, 7 A.M. Tahwan: Videoland, check local listings.

in addition, the game can be seen live in the following countries on the ESPN interna-tional satellite network:

Anguilla, Antigua, Argentina, Aruba, Australia, Bahamas, Barbados, Belize, Bermuda, Bolivia, Bonaire, Brazil, Brunei, Cambodia, Cayman Islands, Chile, China, Colombia, Costa Rica, Cuba, Curacao, Dominica, Dominican Republic, Ecuador, El Salvador, French Guiana, Grenada, Guadeloupe. Guam, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Israel, Jamaica, Malaysia, Martinique, Montserrat, New Zealand, Nicara-gua, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Saba, Saudia Arabia, Singapore, South Africa; St. Barts, St. Kitts, St. Lucia, St. Martin, St. Vincent, Surinam, Thailand, Trinidad, Uruguay and Vene-

The Armed Forces Network television channel, based in Frankfurt, will broadcast the game live. AFN can be seen in hotels in some major cities that are within the range of

some major cities that are within the range of AFN transmission towers. In Belgium, AFN television can be received in the Brussels area but only on NTSC multisystem television sets. In Italy, AFN is available on multisystem sets. AFN television programs in Britain are carried on closed circuit. The Far East Network will broadcast the game live in Japan, but only on U.S. military bases. In Japan, FEN broadcasts are on closed circuit at these bases.

The Far East Network in Koree will broadcast the game live and is available at most

Talley's Tussle **Distracts Bills**

By Timothy W. Smith

New York Times Service

LOS ANGELES — Trying to defuse a potentially distracting situation, Darryl Tal-icy, his coach and some of his teammates have been denying reports that the Buffalo Bills linebacker was involved in a scuffle at a

mightclub here five days ago with the body-guard of former Lakers star Magie Johnson.
"Nothing happened, no incident, no fight, no nothing," Talley said Thursday, at one point yelling to a crowd of reporters: "Atten-tion greybody! Nothing homesed." tion everybody! Nothing happened."

But something did happen, according to two of his teammates and Johnson's agent,

Lon Rosen, and the question remained whether it would disrupt the Bills' prepara-tion for Super Bowl XXVII. The two Bills players and Rosen agreed that Talley was involved in a confrontation

with the bodyguard, whom Rosen identified only as Anthony, at a nightclub called Roxbury on Sunset Boulevard on Sunday night. The two Bills players, who asked not to be identified, said there was some pushing and shoving between Talley and the bodyguard and the two had to be separated after an argument. One player said Johnson phoned Bills defensive end Bruce Smith, who was also at the club and whom Johnson appar-

ently knows, to apologize for the incident. Rosen said Talley was flipped to the floor after a confrontation and scuffle with the bodyguard. Rosen said the incident had oothing to do with anything Talley said to Johnson, who wasn't present, but resulted from a disagreement with the bodyguard.





Emmitt Smith, left, rested on his helmet during a Cowboy practice while Thurman Thomas, right, gave away miniatures.

Emmitt Smith: Superego Takes on Super Bowl

By Thomas Boswell

Washington Past Service
LOS ANGELES - Francist S. watch out. Under the mind-numbing interview torture of Super Bowl week, he's turning into the Thurman Thomas of last year. Thursday, Smith popped off about how great he thinks he is. Asked who was the best runner in the NFL, he said, "I like to think that I am the best." Asked who was close, Smith really dug the hole deeper, saying, "I

What? Emmitt won't even give Thurman Thomas or Barry Sanders or Barry Foster a close second-place finish?

against the Bills on Sunday. Just an hour after Smith's oews conference, Thomas held one of his own - to underline his contrition for his blowhard remarks last year. He handed out tiny Bills

helmets — his way of apologizing for whining and bragging before Super Bowl XXVI,
then misplacing his helmet on the first two
plays and finishing with 13 yards rushing.
"We all learned a lesson," said Thomas of
the mink-decked, diamond-shod, shadowearing Bills, who swaggered into Minne-

Smith is a good player and a fabulous apolis, blowing their own horns, only to get If you listened to Smith's whole news runner, but his remarks are going to stink to their clocks cleaned. "You can't say things, conference, you could interpret his com-

of your career.' By Thursday, Smith had been forced by the publicity-worshiping NFL to talk about himself for more than four hours this week. It's eerie to watch the process. Like a radioactive isotope eating through a lead canister, the vanity glows through the thin walls of a pampered jock's barely socialized superego. Or, you could say that we cynical sportswriters ait around like vultures, thinking. "If we can just keep this guy talking long enough, there's oo telling what he'll say."

ments to mean something like, "If I don't think of myself as the best, then how will I ever be the best?" If so, then he better learn to say it that way. Or else pass on the subject.

When Thomas was told that Smith had proclaimed himself the best, the Bills halfback — who just became the only man in NFL history to lead the league in total yards for four straight seasons — gave a little smile and said. "I think he's right."

So, where would Thomas put himself? After a lush moment of silence, Thomas

said, "About sixth or seventh."

This Super Bowl matchup was written by Thomas George of The New York Times. The point spread was provided by Harrah's of Las Vegas. cast the game live and is available at most hotels in Secul.

LOS ANGELES - There is still time to get a prime seat on the 50-yard line at the Rose Bowl in Pasadena for Sunday's Super Bowl - providing

you have \$1,500 to spare. That is what ticket agencies are charging for the most prized seats, which have a face value of \$175.

CALVIN AND HOBBES

WIZARD of ID

I THINK

I KNOW HOW

TO FAY FOR

OUR NEXT

WAR

Seats for the Beautiful People, at a Mere \$1,500 Each Robert Shelter, an agent with Applause Ticket Service in Los Angeles, said although prices were

higher than last year, there was more demand "I mean, who wants to go to Minneapolis to party in January," he said of last year's venue. He said stars and entertainment mognls were

among those clamoring to pay \$1,500 a ticket.

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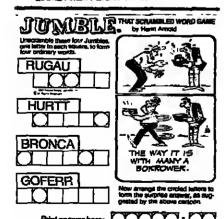
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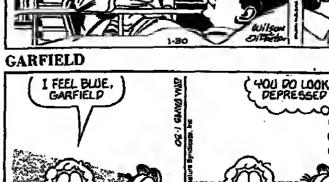
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Graf Aims to Snap Seles' Hot Streak

MELBOURNE — Monica Seles back in force — with a new body-as ruled the Stadium Court as suit under her tennis whites and a has ruled the Stadium Court at Flinders Park for the last three

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In three trips to Melbourne, she has yet to lose a match in the Australian Open, on the subberized Rebound Ace surface where the bonnee is true and seldom too low. On Saturday, Steffi Graf will attempt to put an end to that streak in the 1993 women's final.

Graf, who at 23 is four years Seles' senior, also has experienced plenty of success along the grassy banks of the Yarra River. She won this tournament three straight times between 1988 and 1990, but her reign was stopped abruptly in 1991 when Jana Novotna shocked her in the quarterfinals. Last year, she missed the tournament altogether because of rubella. This January, Graf has been

Tracy Austin Set To Make Bid for

Los Angeles Times Service

world No. 1, is returning to tournament tennis on a limited basis. Austin, 30, has accepted a wild-

comeback, though

play. This is just the start, then we'll see. I want to see where I'm at. despite her protestations, spend at

I don't really know." Austin retired in February 1984 because of recurring neck and back between Seles and Graf and only injuries. She did not play singles in their second on a hardcourt Graf another sanctioned event until March 7, 1989, when she lost a Hardcourts last year. Over all, Graf first-round match at a Virginia Slims tournament.

slightly more relaxed approach to the game. In six matches, she has yet to lose a set, although she came close in her 7-5, 6-4 semifinal victory over Arantxa Sánchez Vicario.

The crowd, if the last 12 days are an indication, should be squarely in Graf's corner for the final She has built a strong following over the years with an Australian public that appreciates her graceful game and self-effacing manner. A

sizable bloc of vacationing Germans also should be in attendance.
But support will not be enough even for a player as sensitive as Graf. She had the Parisians on her side last June and still lost 10-8 to Seles in the third set of a magnifi-cent French Open final.

"It was a great match, but I didn't feel very good afterwards to tell you the truth, even if it was memorable," Graf said.

Four weeks later, she took her revenge when she crushed Seles, 6-2, 6-1, to win the Wimbledon title. There was, of course, more to that Tennis Comeback score than met the eye. Assailed by the British press and criticized by opponents for the volume of ber two-toned grunt. Seles arrived in LOS ANGELES — Tracy Austin, the youngest winner of the U.S. Open at 16 in 1979 and a one-time until two-toned grunt. Select arrived in the linal on the defensive and proceeded to go about her business quietly and dispiritedly.

But all has been calm in Australia, a country where "no worries" is both an everyday expression and in nearly four years, next month's Matrix Evert Cup at Indian Wells, California.

The tennis should be played in She stopped short of calling it a large part from the baseline. If Graf is to win, she needs to hit with "I'm just going to see how I do,"

Austin said Thursday. "It's not going to be the only tournament I did against Sanchez Vicario.

She must also serve well and, least some time at the net. This will be the 10th meeting

won in straight sets at the U.S. leads the series, 6-3, -CHRISTOPHER CLAREY



Stefan Edberg, above, got pumped up over his straight-set win by defeating Michael Stich of Germany, 7-6 (7-while Jim Courier, below, used baseline power to reach the finals.

4), 6-4, 6-2. Stich won the battle of the service

Cream Stays Smoothly Atop Open Big Guns Courier and Edberg Are Straight-Set Finalists speed gun but could not match Courier's relent-

brilliance on service returns.

less consistency from the baseline and regular

"I'm playing above average," Courier said.

By Christopher Clarey International Herald Tribane

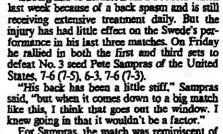
MELBOURNE - Forget about bad backs and bad attitudes. Forget about upsets and grunts and all the other elements that can muddy the waters at Grand Slam tennis tourna-

The conclusion of the Australian Open has been as calm and uncomplicated as a sun-baked

day in the Outback.
On Friday, No. 1 seed Jim Courier and No. 2
Stefan Edberg took their now-customary places
in the men's final. Their straight-set, semifinal victories followed the pattern set in the women's draw the previous day, when No. 1 Monica Seles and No. 2 Steffi Graf cruised to a showdown in the finals.

The last time we played here, he was the underdog," said Edberg, who lost in four sets to Courier in last year's final. "This year, it will be a little different. I will be the underdog; he is the No. I player in the world."

Courier, the hard-edged American, advanced



For Sampras, the match was reminiscent of last year's U.S. Open final, when Edberg overcame an early deficit to beat him in four sets.

Other than the 16-hour time change between Melbourne and New York, the biggest difference might have been atmosphere. While the home crowd cheered for Sampras in Flushing Meadow, banner-waving pockets of vacation ing Swedes kept up a nearly constant racket for

Their visual and vocal support had little effect on Sampras at the outset, when he jumped to a 4-0 lead. But in the long fifth game, he began to self-destruct - making three unforced errors and double-faulting twice to lose

Edberg asked the chair impire to caution fans against yelling during Sampras's serve, but good manners didn't prevent his breaking Sampras again in the seventh game. He then held on and outplayed him in the tiebreaker. "I don't know if it's experience or what," Sampras said. "It just seems like whenever he

needs a big serve or a big point, he gets it, and I seem to struggle a little bit. I think that's the difference between us right now."

Sampras took a 5-2 lead in the final set, but

be was beginning to suffer from the shin splints that have troubled him periodically during his career and are aggravated by the subberized Rebound Ace surface at Finders Park. "I really didn't feel the pain until I lost the second set," Sampras said. "It's basically a

nagging injury, and really the only cure is rest."
The ATP trainer, Bill Norris, treated Sampras on the changeover at 5-2, but when play resumed, Edberg quickly reclaimed control — holding serve to 5-3 and then breaking Sampras again after yet another crucial double-fault.
"I really didn't serve well — I think that was

the bottom line," said Sampras, who will take two weeks off before playing in Philadelphia.

The bottom line on Courier is that he has yet to lose a set in six matches. "I played better today than I did in the semis last year," he said with a grin.

"Above my average."

Edberg had to default from a doubles match Courier didn't need to play a semifinal match last year because Richard Krajicek defaulted with a shoulder injury. But Stich was in fine

with a shoulder injury. But Sheh was in fine health on Friday, and until the end of the first set it appeared that the big-serving German and 1991 Wimbledon champion might pose serious problems for the world's top player.

The match began with Such consistently serving at about 195 kilometers per hour (120 mph) and Courier mishitting shots from all over. He double-faulted off his frame to lose the third same, and starred up in dispute But in the third game, and stared up in disgust. But in the next game, be kept his composure and broke Stich's serve with the help of a couple careless

Stich saved three set points on his serve in the 12th game to force a nebreaker, but Courier quickly took a 5-0 lead and held on to win as Stich blew a high forehand volley on set point.
"The first set against Jim is always very important." Stich said. "If you can get ahead of him, you're in a much better position."

If not, you end up bearing the full brunt of a confident, free-swinging Courier. He finished Friday's match with two double faults to Stich's me and 10 unforced errors to Suich's 42.

The two remaining questions are whether Courier will successfully defend his title, and if so, whether he will take another victory dip in the picturesque but ecologically unsound Yarra

"We're thinking of diving from a bridge this year," Courier's coach Brad Stine said in jest. Said Courier: "We will cross that bridge when we get to it."

U.K. Lashes Out?

LONDON - British horse racing rulers are preparing a clampdown on jockeys' use of the whip in response to growing public opposition, the Jockey Clob said Friday.

The number of times a jockey can hit a horse may be reduced by half from the present 10-stroke limit in proposals by the club's disciplinary committee.

The recommendations follow a public outcry against whipping after several televised instances of misuse of the whip.

SCOREBOARD

BASKETBALL NBA Standings EASTERN CONFERENCE 12 27 Central Division, 26 14 25 17 .300

WESTERN CONFERENCE Midwest Division 25 12 .458 26 14 .450 27 16 .561 14 26 .350 7 29 .194 3 34 .081 J76 J76 497

L.A. Lakers Golden State

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PERSONALS

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Major College Scores

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MIDWEST lowa 96, Michigan 51, 90, OT M. Illinois 66, III.-Chicago 66 N. Iowa 66, Creighton 58 Pundoe 63, Northwestern 73

Artumo 72 Oregon 60 Artumo St. 82 Oregon St. 72 Artono St. 82, Oregon St. 72
Brighton Young 70, Colorado St. 63
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UCLA 98, Southern Cal 80
UNITY 118, Nevado 95
1906 46, Mercylon 85 HOCKEY **NHL Standings** WALES CONFERENCE

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TENNIS

Australian Open

WOMEN'S DOUBLES, SEMIFINALS Glot Fernandez U.S., and Notatio Zverevo drea Straduva (8), Czech Rapublic, 6-2, 7-5; Pam Shriver, U.S., and Elizabeth Smyllo (10),

Australia, def. Jill Helbarbarbar, Canada, and Katty Rinaldi (6), U.S., 6-6, 1-6, 6-3. MEXED DOUBLES, SEMIFTMALS Arantra Sanchez-Vlouria, Seath, and Todd Woodbridge (1), Australia, del. Jill Helbarbarbar fon and Ghan Michibata, Canada, 6-3, 6-3.

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TRANSACTIONS BASEBALL.
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Houston Keeps Up Hex Contensive
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Suder (11), Roberts (201; Sondstrom (18),
Shorts on Boal—Collogry (on Hrudey) 12-111—30, Lost Angueles (on Russel 5-14-72—31,

HOUSTON - The Chicago Bulls, who have been to the summit of the NBA the last two seasons. are not so impressive when they visit the Summit in Houston.

The Houston Rockets handed the Bulls their 12th loss in 13 visits

NBA HIGHLIGHTS

to the Summit arena Thursday night as Hakcem Olajuwon had 18 points, 17 rebounds and five blocked shots in a 94-83 victory. It was the Rockets' fifth win in six meetings against the Bulls.
"If we could have that kind of

record against some of the sub-500 clubs, we'd be sitting up there with a great record right now," Rockets coach Rudy Tomjanovich said. "They've got our number," said Michael Jordan, who scored 26 last eight shots and put Cleveland ahead of Orlando for good with a 20-footer early in the fourth quarter.

points for Chicago, the two-time defending NBA champions. Nuggets 110, Nets 100: Denver,

2-19 on the road, continued its solid play at home as Chris Jackson scored 32 points on 13-for-18 shooting and LaPhonso Ellis had 20 points against New Jersey. Pacers 127, Lakers 110: Indiana

continued its recent domination of Los Angeles, racing to a 29-point halftime lead and coasting to victory in Indianapolis.

Reggie Miller scored 24 points and Detlef Schrempf 22. Hawks 110, Knicks 105: Atlanta

handed New York its fourth loss in 21 home games as Dominique Wilkins had 31 points and Kevin Willis scored 19 of his 24 in the first half. Cavaliers 127, Magic 113: At Richfield, Ohio, Mark Price sank his last eight shots and put Cleveland

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The Caesars Angels Sing

MIAMI — Just before Christmas, Beth and I, being deep in there, feed in some quarters, get ly traditional people, went to Las

giant hotel-casino authentically looked if it had consisted mainly of slot machines. Caesars also feacostumes designed by Frederick's ing they are:
of Rome, and a bar on a large ME: O. K. you put a quarter in. indoor boat that is actually floating. ("Norm, I think maybe you've had enough, you might . . ."
SPLASH. "MAN OVER-BOARD!") another quarter!

In other words, by Vegas standards. Caesars is very understated offer more of what she described as It's a traditional Amish farm settlement compared with the casino next door, the Mirage, which has — that people engage in to happily really — dolphins, albino tigers, an while away the hours. If Beth ran a indoor rain forest and an outdoor casino, there would be a brightly lit volcano that erupts on schedule, table surrounded hy high rollers in (You're going to see more and more tuxedos and evening gowns, and the hotels installing volcanoes in response to demand from the busiment as a player rolled the dice, and ness traveler.) Also, right behind the crowd would lean forward, and the front desk is a giant aquarium containing sharks. So you definite landed on PARK PLACE!" ly should not mess with the Mirage. Were you planning to pay for

ace for that old-fashioned Christmas spirit. Each day we went downstairs to the casino at around 8 A. M. for hreakfast, and we 8 A. M. for hreakfast, and we pension plans. found gamhlers still up from the night before, with drinks in their simple Winning Blackjack System, hands and cigarettes in their which can be easily learned in just a mouths, staring at cards and yelling few minutes by anybody who is Steat dice. Meanwhile, over the pubphen Hawking After I was confilic-address system, drifting through dent that I had no idea what Bob the smoky air, came the voices of a was talking about, I sat down at a cboir singing: "Hark the herald an- hlackjack table and immediately

ing to the music at all. If the roof next to me with his Winning System, had opened up and the actual her- was losing. (ITHINK it was his own ald angels had come swooping into money, but just in case, check your Caesars, the gamhlers would have pension plan.) I won \$26, which kept right on gamhling. And pretty deposited in a slot machine for safe soon the angels would have keeping in the background I could stopped singing and started putting hear angels singing "Gloria in excelquarters into the slot machines.

The casinos are basically dense

some free drinks from the thoughtful cocktail waitresses, feed in more

We stayed at Caesars Palace, a quarters, glance at your watch and WHOA! It's 1997! People get decorated to look exactly the way lost in there. If you searched all the the Roman Empire would have slot-machine areas, you'd probably find Amelia Earhart.

You would not, however, find tures roughly four zillion flashing Beth. For some reason she was not lights, huge toga-clad statues that move, cocktail waitresses wearing demonstrated to her how entertain demonstrated to her how entertain-

> and you pull the handle, and . . . MACHINE: Whitrrrclunkclunkclunk. (Silence.) ME: Ha ha! Now you put in

BETH: Why? Beth thinks the casinos should "fun" games, the type of entertainment-for-the-whole-family activities

But they don't play a lot of Mothose hotel towels in your suitcase.
Mr. Furbitt? Or would you prefer to TAKE A LITTLE SWIM?")

to TAKE A LITTLE SWIM?") took a hlackjack lesson from a But you can't beat Caesars Pal- friend of ours named Boh, a Las Vegas resident who is an expert gamhler, although he makes his living — this is true — managing

won about 10 hands in a row hy making a series of totally random But the gamblers were not hark- decisions. Meanwhile, Bob, sitting

> sis." They must have been winning Knight-Ridder Newspapers

Marlene Dearest: No Sequin Unturned

By Caryn James New York Times Service

NEW YORK — That husky laugh you hear coming from the great beyond is Marlene Dietrich's. She's not around to control her image anymore, but at least she has managed to confuse it. "There have been 55 books written about me!" she snapped at Maximilian Schell in his 1984 documentary "Mariene," in which the aged star granted hours of interviews but refused to be shown on camera. She

hated anyone else mucking around with her legend.

It seems as if 55 more books have appeared since she died in May, a 90-year-old recluse who had not left her Paris apartment in years. The actual number is closer to five. The newest is a glitzy, gossipy, 789-page memoir written by Dietrich's only child, Maria Riva, who leaves no sequin unturned in exposing her mother's lurid personal life. Now 68, Riva adopts a tone more sorrowful than angry, but the

bitter animus behind her book cannot be disguised. In "Mariene Dietrich," Riva says she was raped as an adolescent by her leshian nanny and suspects that her mother wanted it to happen. She depicts a Dietrich so monstrously selfish that she wanted her daughter to become a lesbian so she would never have children of her own, never desert her poor mother.

Steven Bach's "Marlene Dietrich: Life and Legend" is far more authoritative about her career. Bach is especially generous with details about her freewheeling days in Berlin before Josef von Sternberg cast her in The Blue Angel" and established the enduring image of an irresistible, hard-nosed femme fatale. Bach's Dietrich is selfabsorbed but kind, a woman who never meant to hurt the dozens of men and women she manipulated.

About her personal life, both biographers agree on this much: she slept with von Sternberg. And with Maurice Chevalier, John Gilbert, Douglas Fairbanks Jr., Edith Piaf, the screenwriter Mercedes de Acosta (who was on the rebound from Greta Garbo), Erich Maria Remarque, Jean Gabin, Kirk Douglas, Yul Brynner and Frank Sinatra, just to name the more famous. She married Rudolf Sieber and became a mother before "The Blue Angel" and never divorced, the better to protect herself from suitors.

The authors disagree about much more, including whether she pretended that her Nazi-supporting sister was a concentration-camp prisoner. Riva writes that her mother would say tragically during the war that her sister, Elisabeth, was "in Belsen," knowing very well that listeners would assume she was a prisoner in the Bergen-Belsen concentration camp in Germany, although Dietrich knew she was living comfortably at home. This was another "twisted script" her mother invented for her "personal

Bach's version, documented by interviews with the British officer who dealt with Dietrich at the camp, is that she pulled strings to get to Bergen-Belsen soon after it was liberated. Only then did she learn from the British that her sister and brother-in-law had been working for a group supporting the Nazis. That, Bach says, is why Dietrich publicly denied her sister's existence from then on.

The Riva book resembles a Hollywood biography, flashy and detailed but containing big black holes. Like von Sternberg at his most florid, Riva is not always easy to

believe, but she is always greatly entertaining. Riva plays up her insider's perspective masterfully. Her parents, Marlene and Rudi, affectionately called each other Mutti and Papi from the time of her birth and remained confidants throughout their lives. Maria's mother usually called her "the child" and for publicity purposes



Maria Riva at a Dietrich memorial service in Paris last year; right, the star in a sultry Hollywood pose.

shaved years off her age, starting when she was 6 and joined her mother in Hollywood.

Dietrich apparently juggled her lovers with the accomplishment of a French farceur: At dawn they would sneak out of whatever rented Hollywood mansion she lived in at the time, go back to ring the front doorbell and sit down to breakfast with Dietrich, all so the child wouldn't know. The child knew plenty.

Instead of going to school, she accompanied her mother to the studio. Much of the book is devoted to details of costume design and lighting, but then so were Dietrich's movies. After a while, Riva's child's-eye view becomes frustrating. When Dietrich visits Colette and Gertrude Stein, the intimidated young Maria remembers nothing about their conversations.

Riva has great advantages over any other biograph specially because she can quote from the diary Dietrich kept from youth to old age and from a great cache of letters hy and to her. It was one of Dietrich's habits to pass her love letters on to her husband, who kept them all.

The diary is revealing because it is a work of such

startling banality. When Dietrich falls hard for Yul Brynner—she was nearing 50, he was around 30—the diary is full of adolescent exclamations such as, "He did not call" and "Feel have lost 'Him' forever. No use living," No wonder that in her notoriously unreliable autobiography, 'Marlene," Dietrich denied keeping a diary at all. Riva writes that toward the end of Dietrich's life, she

used that diary to create the self-pitying image of a neglected old woman. By then she was addicted to pills

ACROSS

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and alcohol, and after falling and fracturing her hip in 1979, she "put herself to bed for the rest of her life," Riva says: "Now, when she passed out she would already be lyme down in a soft, safe place. Never once did the option of giving up drinking instead enter her mind,"

Riva presents a wrenching image of Dietrich's pathetic old age. When her physical beauty finally escaped her control, Dietrich would spend hours on the phone but see no one. She cooked on a hotplate next to her bed and used a Limoges pitcher as a chamber pot.

If it was hard to be Dietrich's daughter, imagine, as

Bach does, how tough it was to be the legend herself. "She made being Marlene Dietrich look so easy that no one ever thought to question the effort it took," he says. A onetime student of von Sternberg, Bach vividly recreates the willful manner in which Dietrich became an icon and stayed one.

Before von Sternberg saw her ou stage, she did a notorious lesbian song-and-dance in a stage revue; she played many small roles in silent films, including one on which she astutely said she "looked like a potato"; she was carefree about her sex life and ambitious about her career. All of this she liked to forget.

Put these books together and they'll make your head spin, which might not be far from what Dietrich wanted. She scorned facts and never settled for the truth when a pretty lie would do.

Bach is right to hint that because she was unwilling to change her image, she was finally victimized by it. Dietrich so completely became her legend that there seems to have been little left behind it. Or so she would have us believe

D New York Times, edited by Eugene Maleska

SWITCHES By Wilson McBeath

PEOPLE

American TV Censors McCartney Protest Song

MTV couldn't clean up Paul McCartney's new environmental protest song by bleeping out the dirty words, so the American musical channel just dumped it. McCartney uses the F-word seven times in "Big Boys Bickering," written after George Bush refused to sign an ecological treaty in Brazil last year. The singer said that the M-word ("mucking" up the world) wasn't strong enough for him. (The BBC had banned it, too.)

Is Madonna, at 34, over the hill? Andrew Lloyd Webber thinks so. She's just too old to play Eva Péron in his proposed film version of "Evita," he said; Peron died at the age of 33. He also said Madonna's ultrasery image would not go with the project.

Did Oona Chaplin sign a \$500,000 bank loan guarantee for her New York psychiatrist, Dr. Christ L. Zois, in 1989, two years before her death? Doctors for the late widow of Charlie Chaplin say that on that date she was in a hospital in Geneva recovering from a brain hemorrhage, and a federal judge in New York has ordered her estate to produce the medical records in court after the doctor refused to repay the loan.

Christie's got Annie's gun. The customized Winchester that Annie Oakley used in Buffalo Bill's Wilde West Show will be auctioned at Christie's of London on March 24, The rifle is expected to bring up to £25,000 (\$38,500).

Planning the surprise party for Skitch Henderson's 75th birthday took six months of plotting hiding of guest lists and fielding of telltale calls. Only when he was on tour with the New York Pops was there time to relax, said Ruth Henderson, his wife, who planned the party. "And I was totally surprised," the maestro said. What about turning 75? "Some of the sheer terror of working for a living leaves me," he said."I worry less about tomorrow."

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WEATHER



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daunting proposition. "Inshallah"

Perhaps you remember Fallaci, the tiny, tightly wired Italian inter-

viewer who coaxed the hidden cow-

who ripped off her chador while

interviewing Khomeini and sent him

fleeing from the room. She who

wrote an essay to an unborn child.

She who has so many words, such

deadening passion of every subject. She who has cancer, now.

relentless, overwhelmi

INSHALLAH

\$25. Doubleday.

Reviewed by

Christopher Dickey



Perhaps you remember Lebanon.

There was a time, just a decade

back, when the attention of the

world was focused on Beirut, Ameri-

can troops had gone into Lebanoo

on a humanitarian mission then,

too, trying to write a quick end to a

long war. But after the massacres at

Sabra and Chatila - after the pho-

tographs of all those stinking, swol-

len bodies of women and babies —

their mission became less clear.

They wound up dving themselves

and leaving, in the face of a political

in Lebanon: the three months after

that grim morning when 24t U.S.

servicemen and 88 French para-

troopers were hlown away. But it is

not about the Americans, nor the

BOOKS

Multinational Force.

They were the one group that

was never blown up, and because of

that they have not been much re-

membered in the thumbnail ac-

counts that linger in the history

books. But they were there, closer

and death every day, than any of the other soldiers who were sent.

Fallaci reaches for the grand themes of war: love and friendship,

death and despair and, yes, the

meaning of life. But too many of her

characters (103, according to those

who've counted) are all design and

Fallaci, so flamboyantly self-in-

volved that she introduces herself

as a peripheral figure even in this

trouble hearing any voice but her

is about the Italian contingent of the own. Which probably explains, as

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why the "translation by

has made the English prose

Oriana Fallaci from a translation

by James Marcus" is so awkward

read the way she speaks. The curs-

ing of the Italian soldiers, rendered

them, keep turning to the end. There are moments when, despite all the

flaws of presentation, all the predict-

ability of the multiple plots and the

words at the target like shrapnel

ses!), there are enough moments

ess, excitement, suspense

oher Dickey, Paris bureau

from a claymore mine — and still

chief of Newsweek and the author of

Expats: Travels in Arabia," wrote

and anger to keep us reading.

this for the Los Angeles Times.

phical blather (Fallaci spews

And yet the pages, all 608 of

literally, is simply bizarre.

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Street" friend t24 Piscivorous bird



63 Gustav ----, former Swedish t25 Copland's 'The Tender Land,"

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